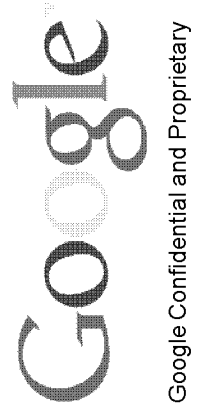


**EXHIBIT 92 TO  
HARVEY DECLARATION  
REDACTED VERSION**

# Compensation Basics

*Building a foundation of knowledge*



# Objectives

Google

- 1) Provide recruiters with a strong foundational knowledge of compensation at Google
- 2) Prepare recruiters for common comp-related questions, objections and circumstances that they may encounter while working with a candidate
- 3) Increase transparency of Google's compensation philosophy and processes
- 4) Encourage broader recruiter collaboration with compensation team

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# Agenda

Google

Compensation Philosophy

Compensation Components

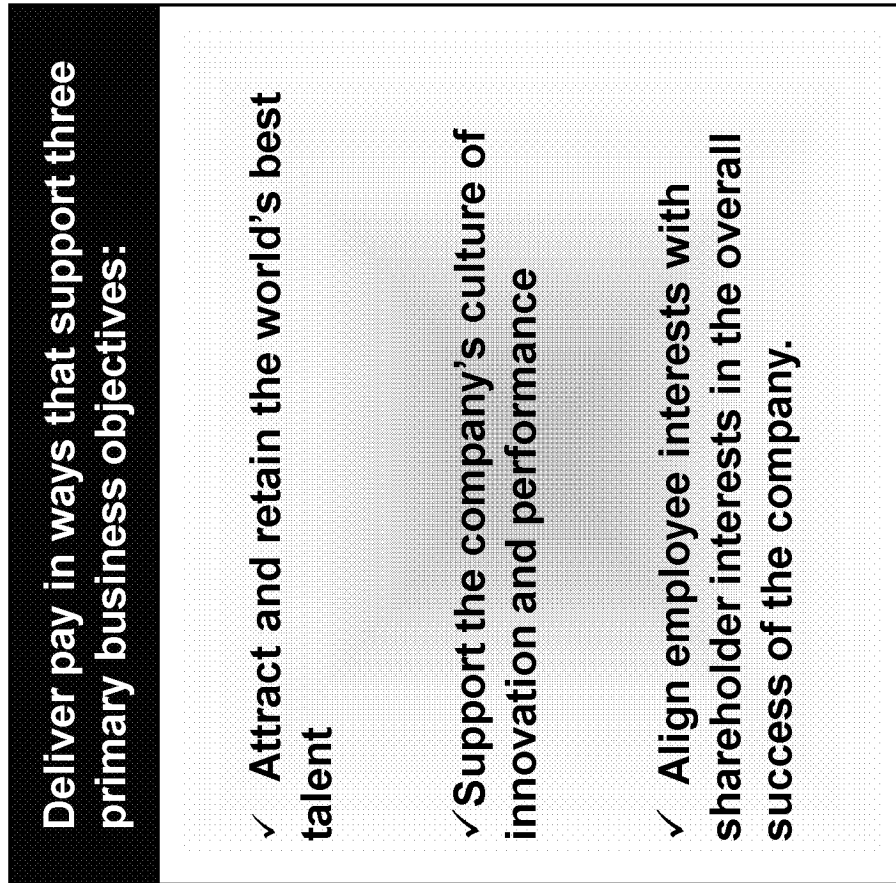
Comping an Offer

Managing Objections

TBD

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# Compensation Philosophy



Pay-for-performance platform

"Leveraged" comp with increasing levels of leadership

Incentive programs offer opportunity to earn above-market total pay

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# Total Reward Value Proposition



Google designs competitive total reward packages

REWARD ELEMENT		OBJECTIVE
TOTAL REWARD	WORK CONTENT, ENVIRONMENT & CULTURE	Build one of the most intelligent, highly motivated groups of employees in the world and foster a flat, collaborative work environment. Provide ongoing exposure to interesting and challenging work
	BENEFITS	Be a market leader in indirect awards in a way that adds meaningful value to employees' personal and professional lives
	EQUITY	Provide all employees with an ownership stake in the company's future performance, AND "meaningful" future value at grant
	BONUS	Above-market highly leveraged short-term cash incentives that reward individual contributions rather than tenure or roles
	BASE	Competitive base salaries
TOTAL REMUNERATION		
TOTAL DIRECT PAY		
TOTAL CASH		

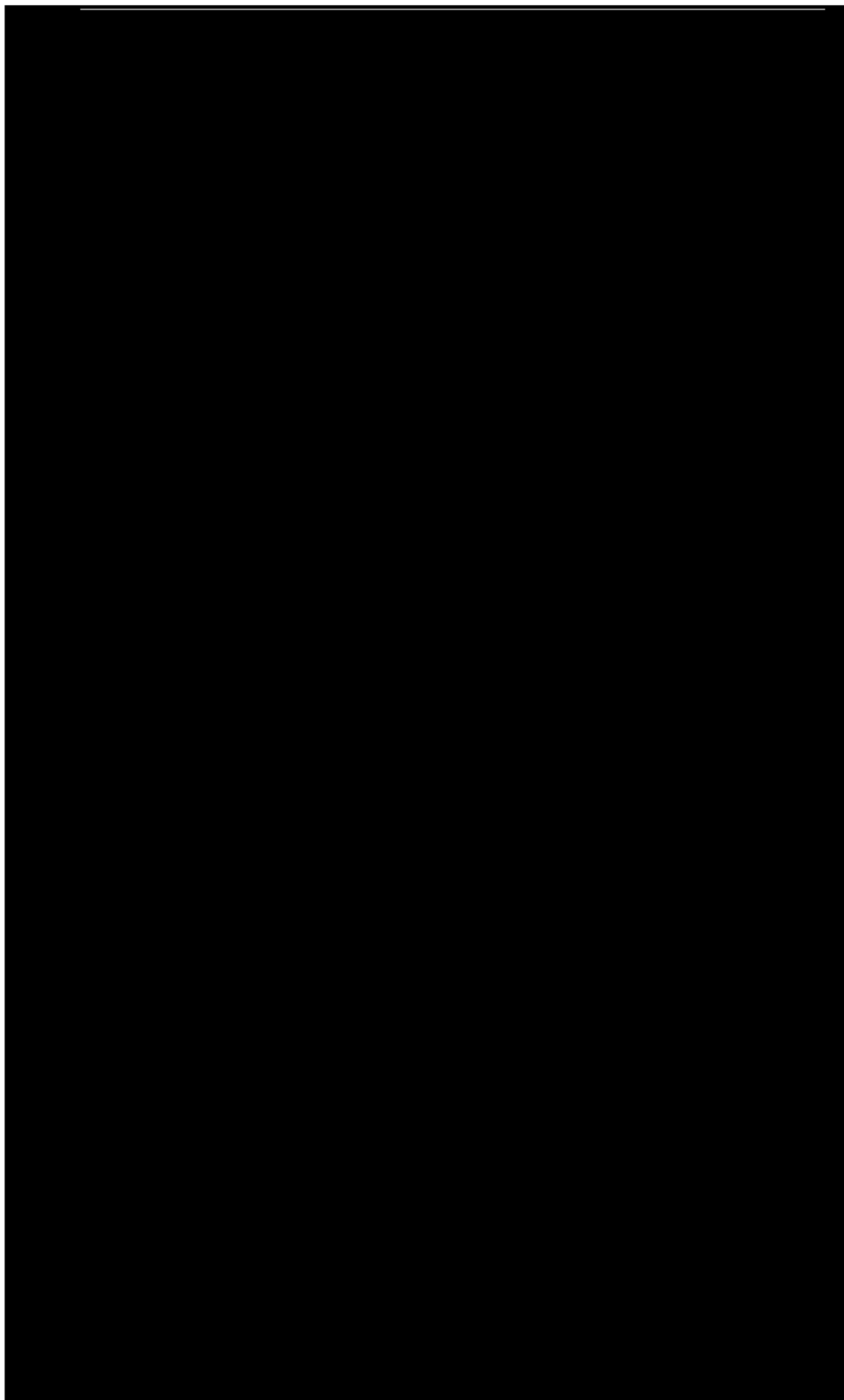
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# What's our pay history?

Google

*Target pay rates have changed over time*

Percentile Rank



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Google

## Target vs. Actual Total Compensation

Total Compensation = Salary + Bonus + Stock

as % of salary

--	--



# Compensation Philosophy - Application

Google

- Level of salary / market reference points
- Size of targets / awards
- Leverage for top performers
- “Cascading” value with refresh grants and vesting equity

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# Compensation Philosophy - Roadblocks

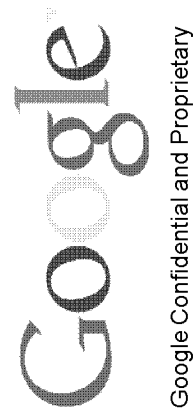
Google

- Misunderstandings of Programs
- Expectations (e.g. GSU's, TSO's)
- Perception of value (e.g. Refresh grants)
- Talent Pool

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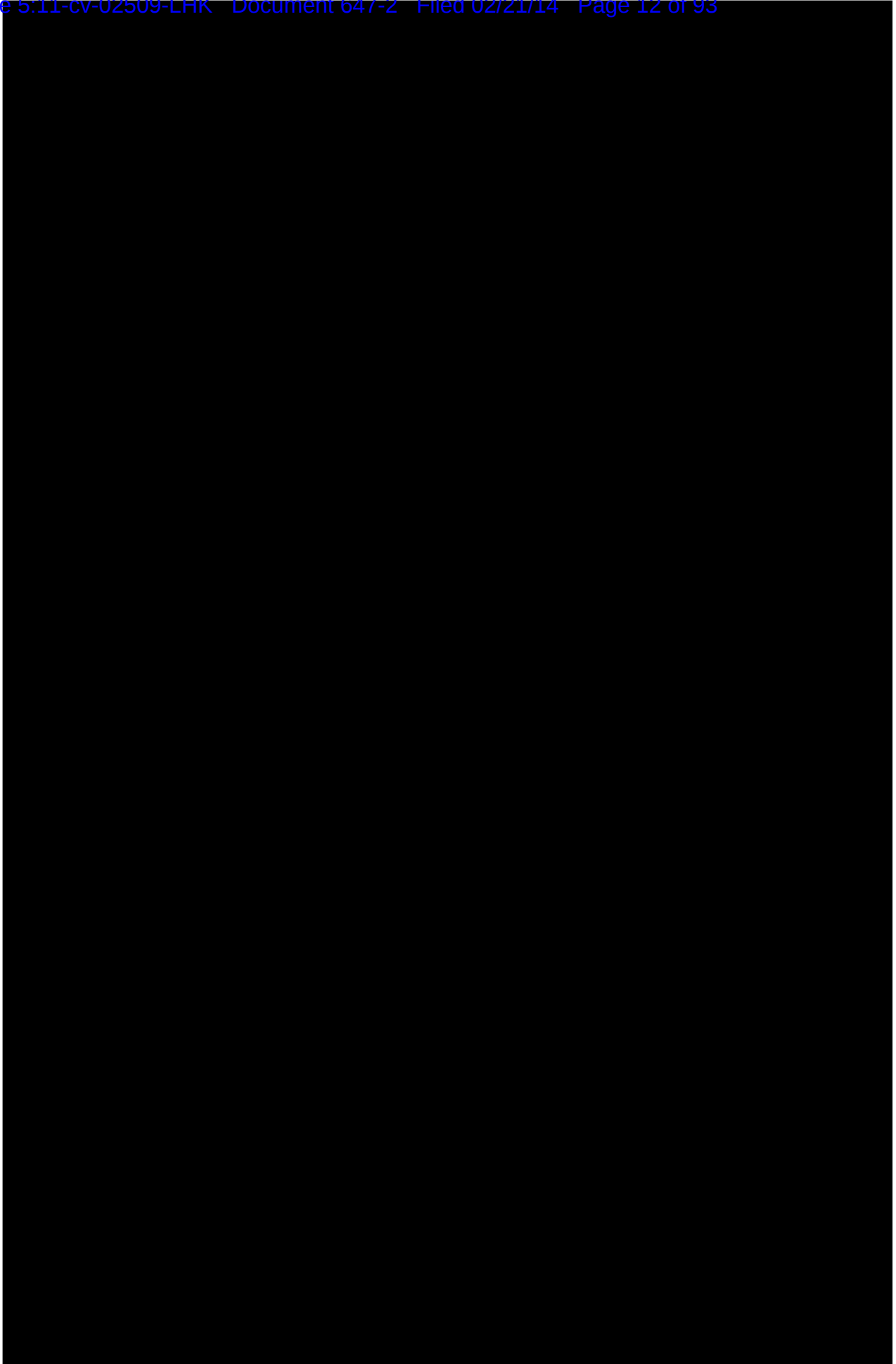
# Compensation Components

## *Setting a Base Salary*



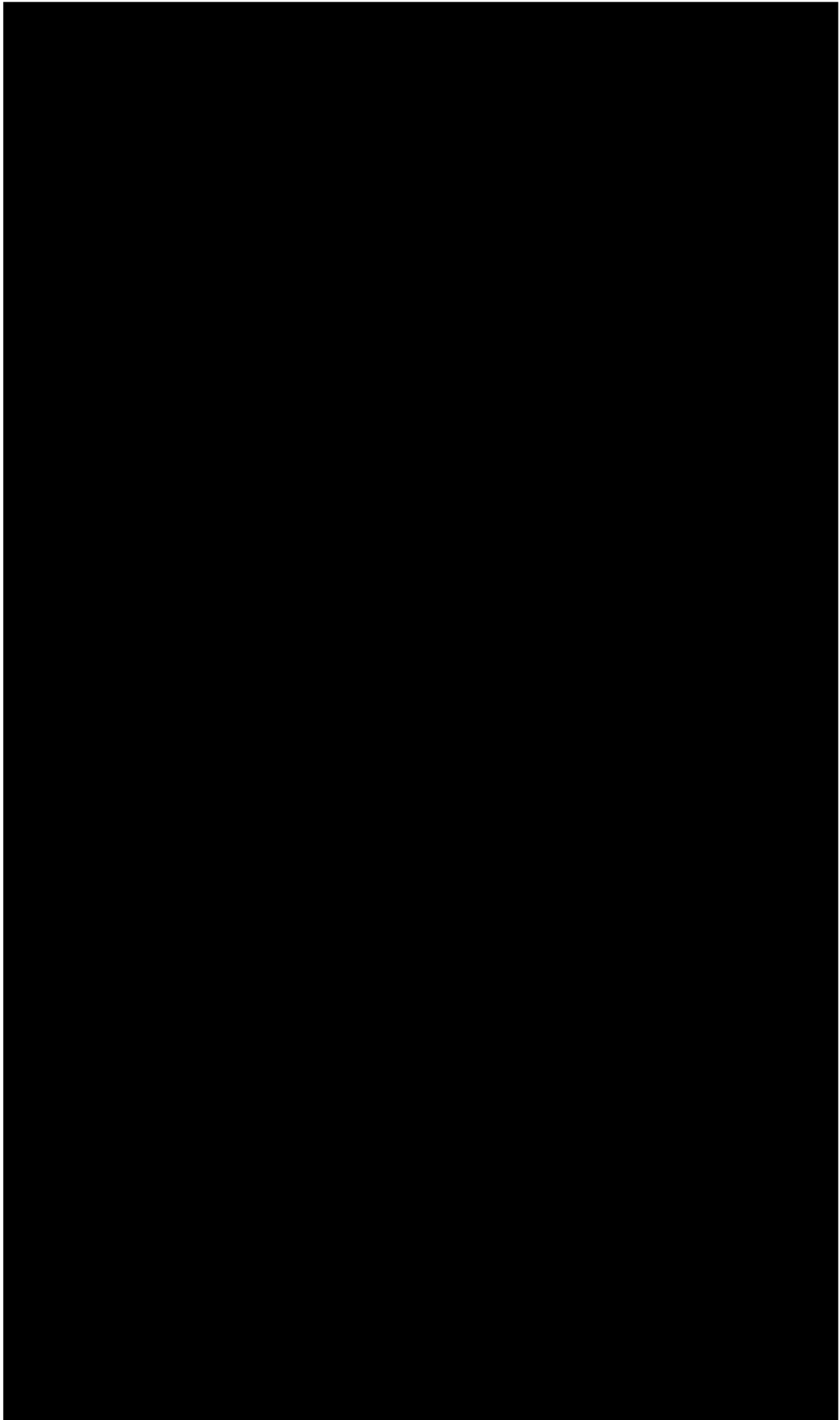
Google

Job Ladders



Google

Process

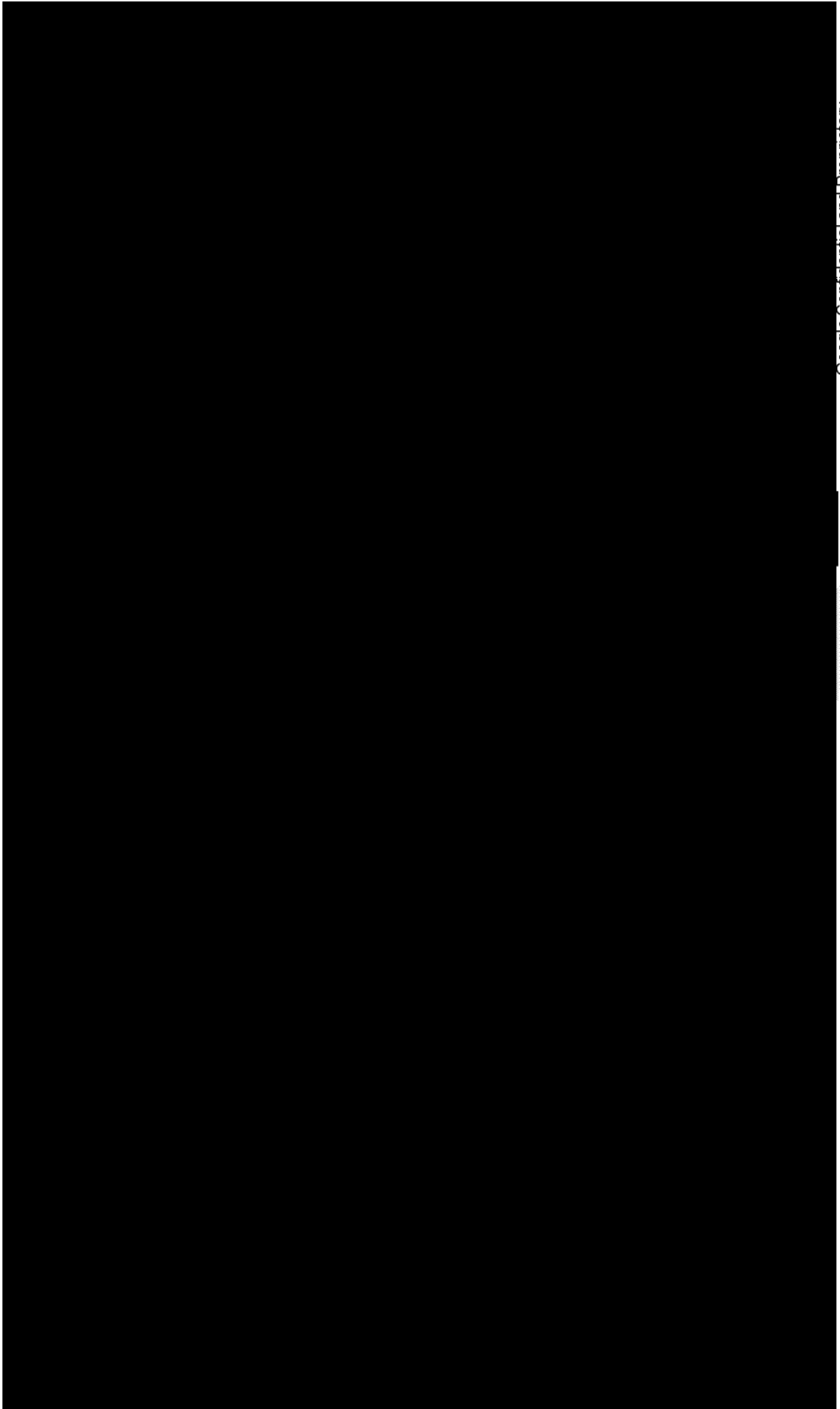


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Google

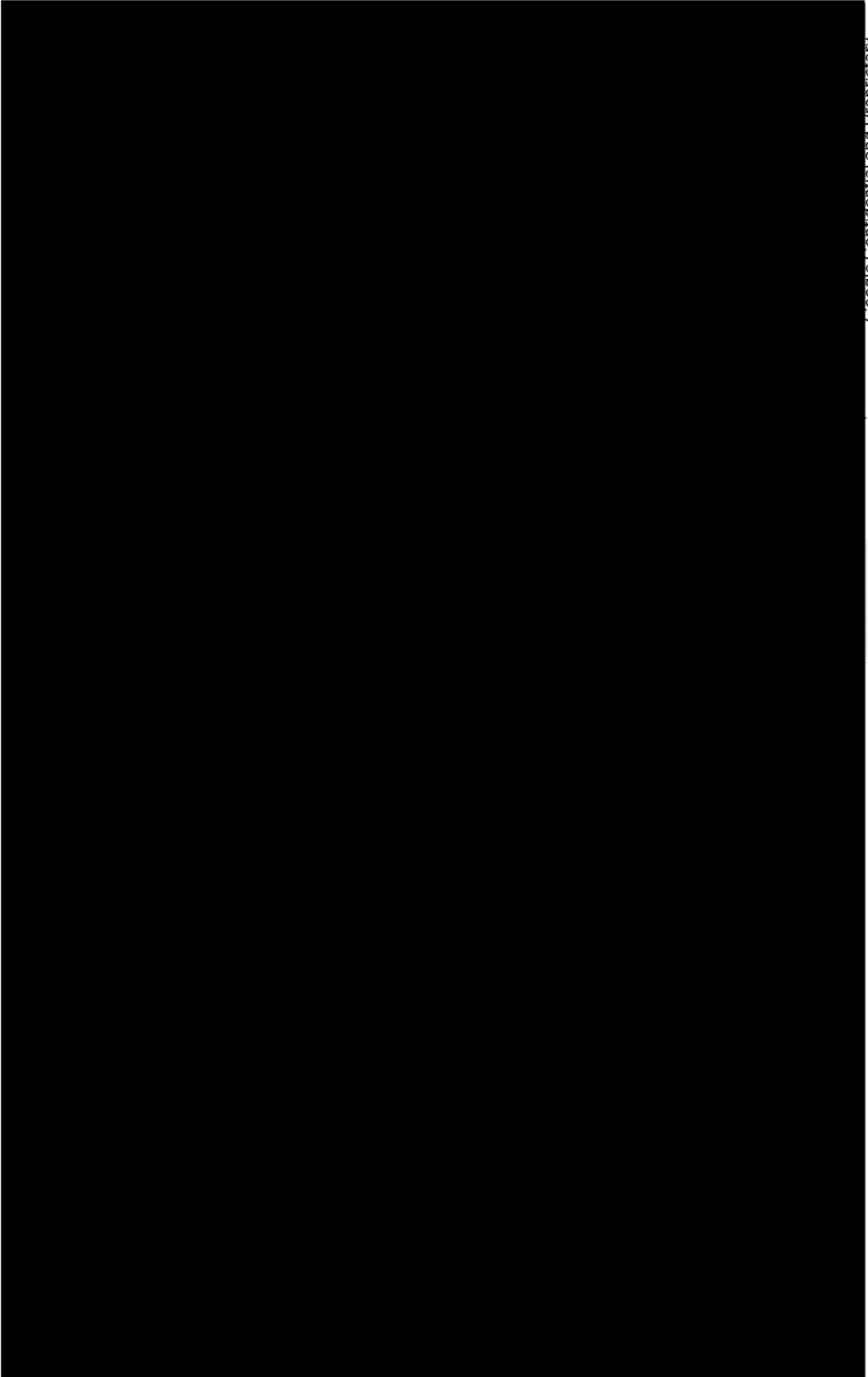
Sample Job Family - SWE

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Google

Sample Job Family - PSG&A



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Google

Sample Job Family - PSG&A

Google Confidential and Proprietary

# Benchmarking Overview



What is Google's intended position relative to market (non-sales)?

[REDACTED] for each element of pay (base, bonus, equity)

Comp team has nice slides to illustrate some of this

How do we measure the market?

[REDACTED]

How do we compare jobs to the market?

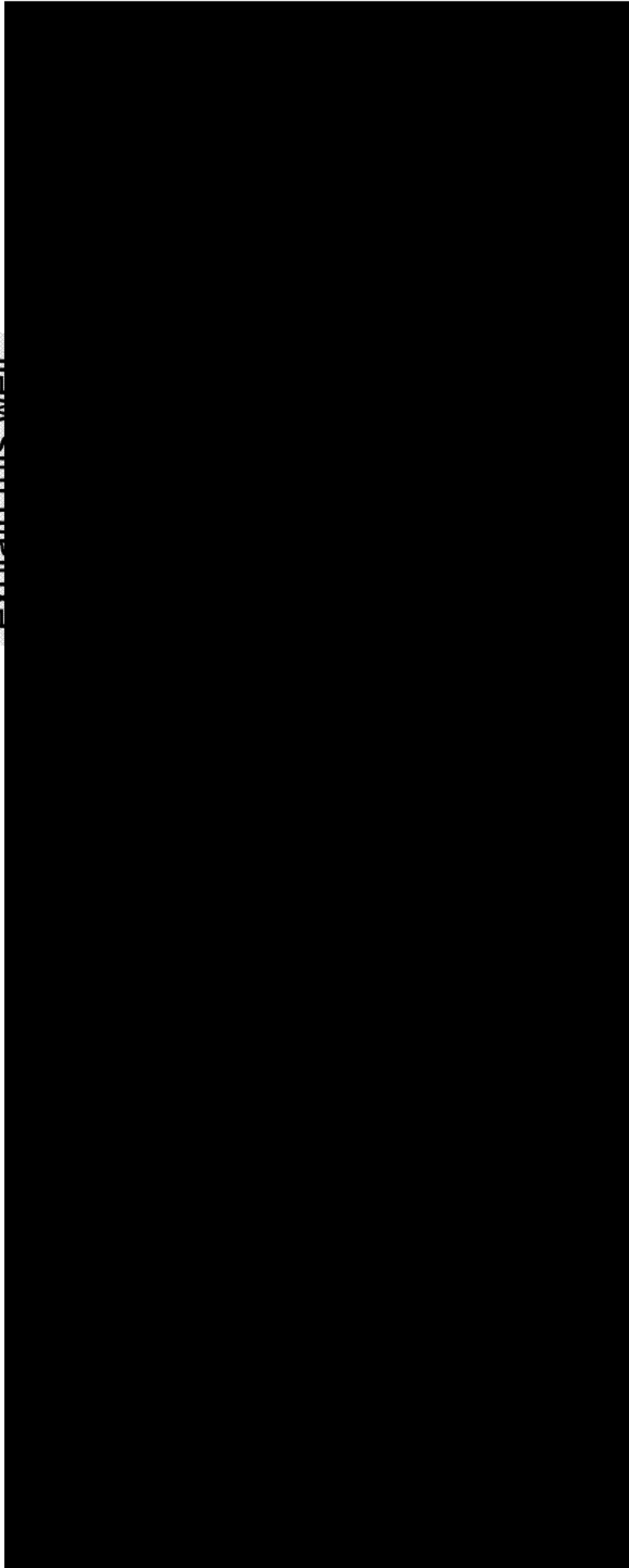
[REDACTED]

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Google

## Benchmarking Process

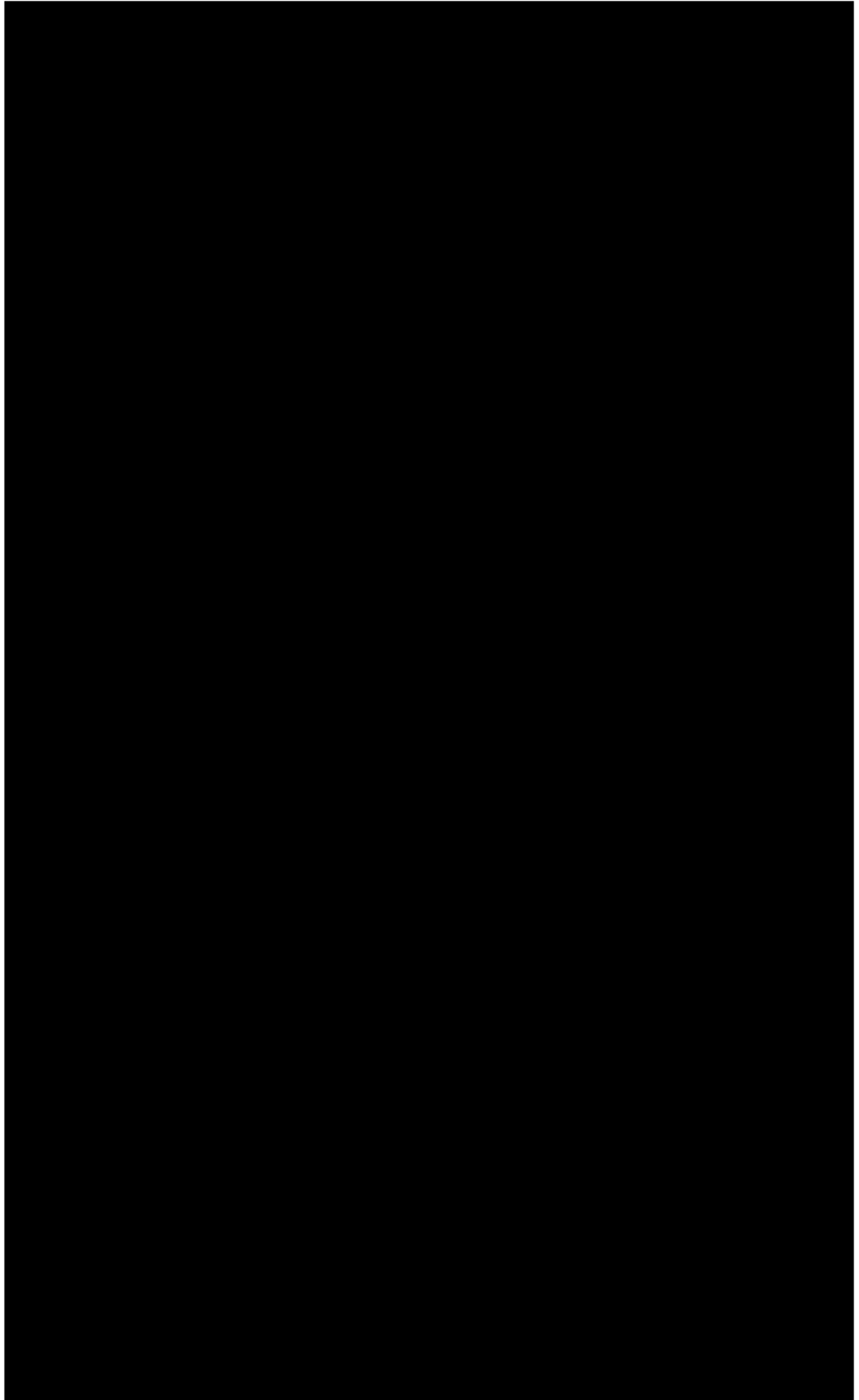
You'll have to  
explain this well



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## Benchmarking Philosophy



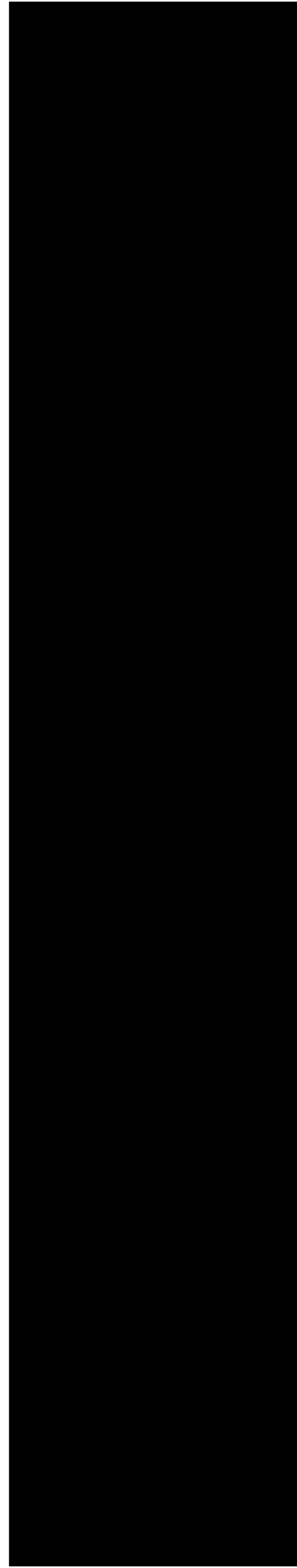
## Leveling New Jobs

Google

Not sure where  
this goes

When leveling a job Google aims to be internally consistent and externally competitive. Google levels jobs, not people.

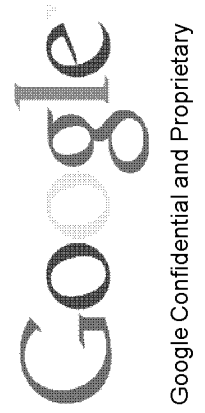
- Factors
  - Specialized Skills or Knowledge
  - Education/Experience
- Recruiter works with Hiring Manager to determine level --  
Comp Team advises



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# Compensation Components

## *Bonus Programs*

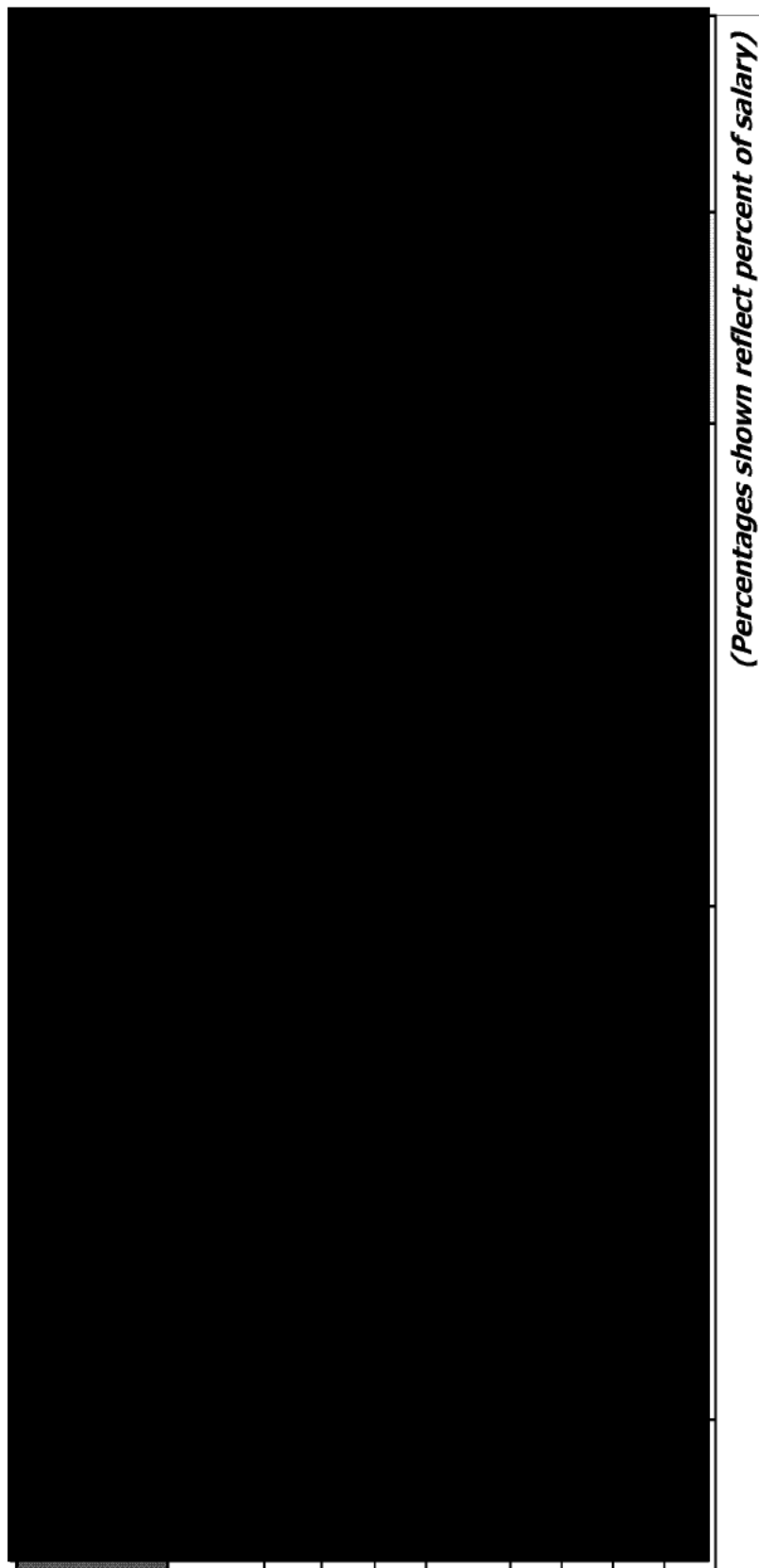


# Company Bonus Program



Google offers above-market target cash incentives and an opportunity to earn

...



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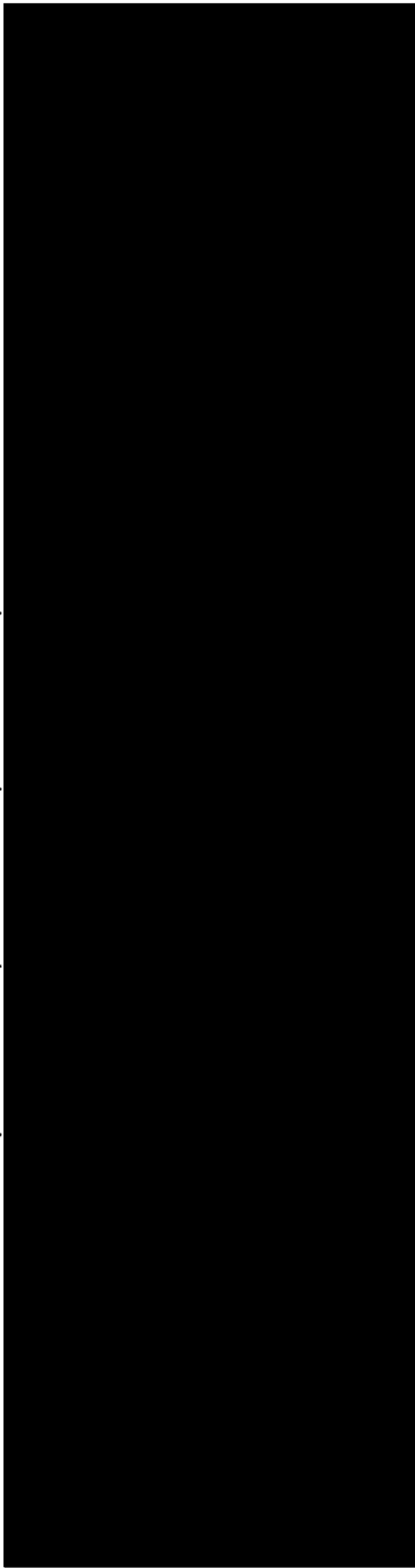
Google

## Company Bonus Program

### Company Bonus Plan Mechanics:

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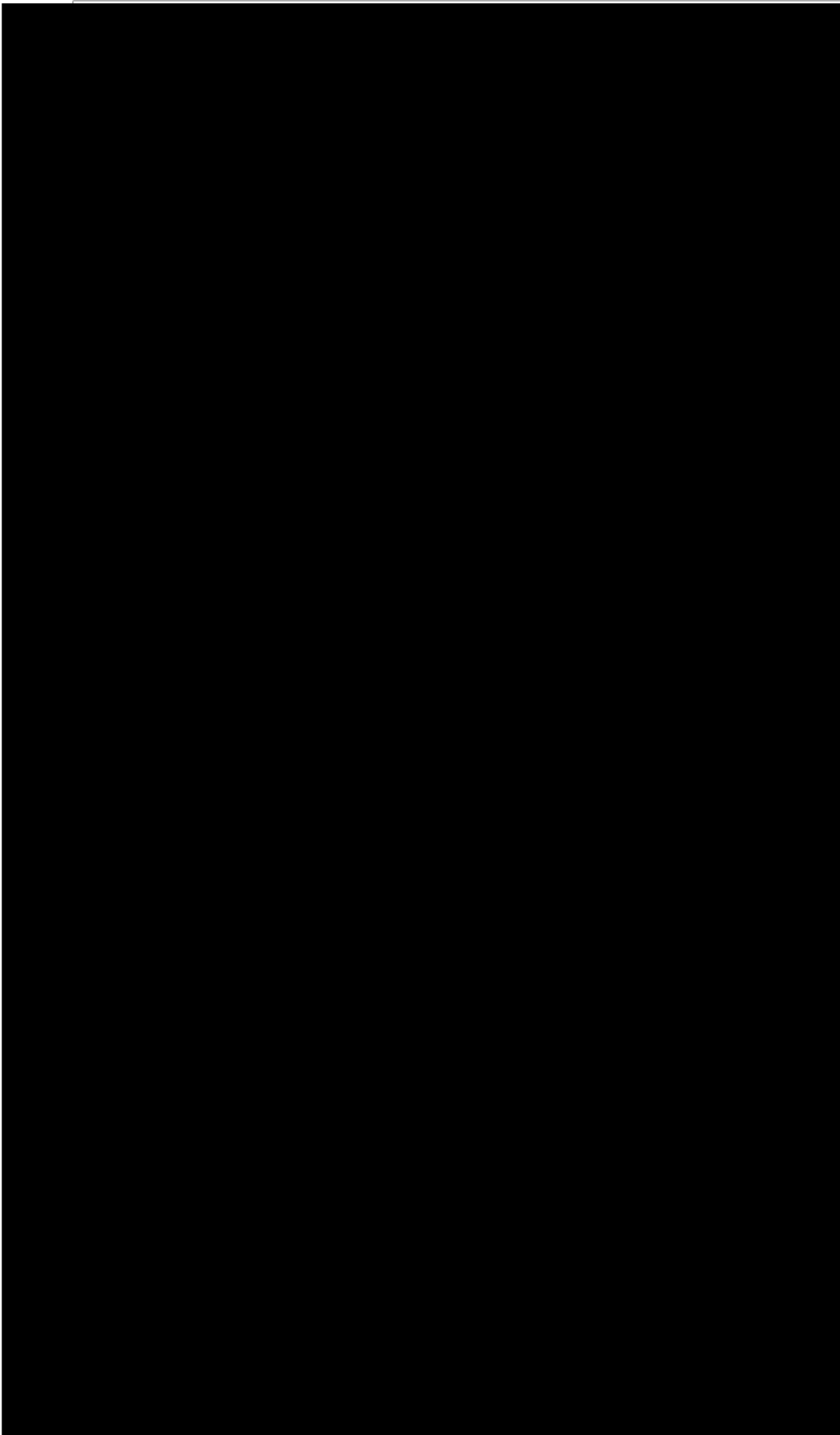
### Calculation Detail:

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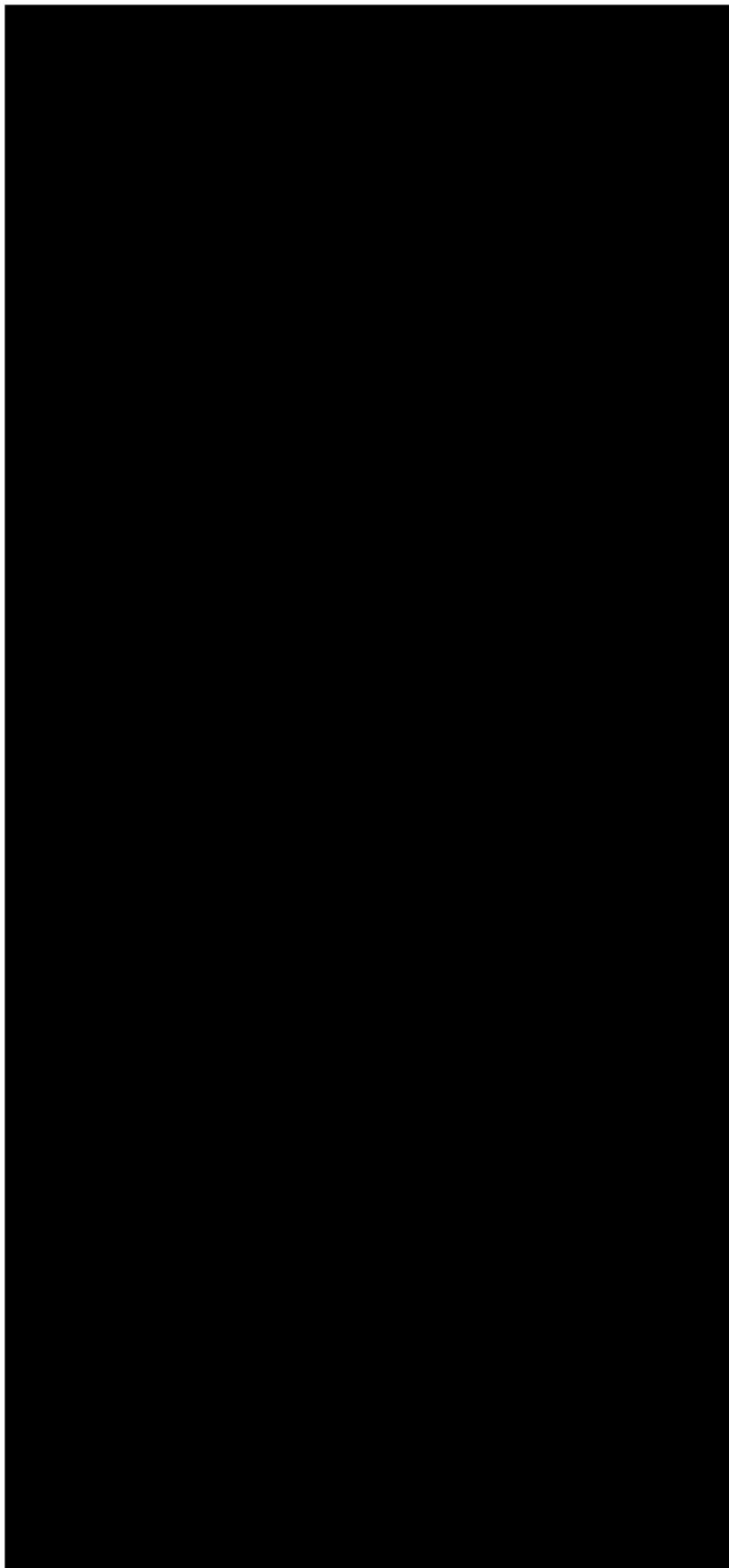
Google

Company Bonus Payout



Google

## Sales Incentive Program



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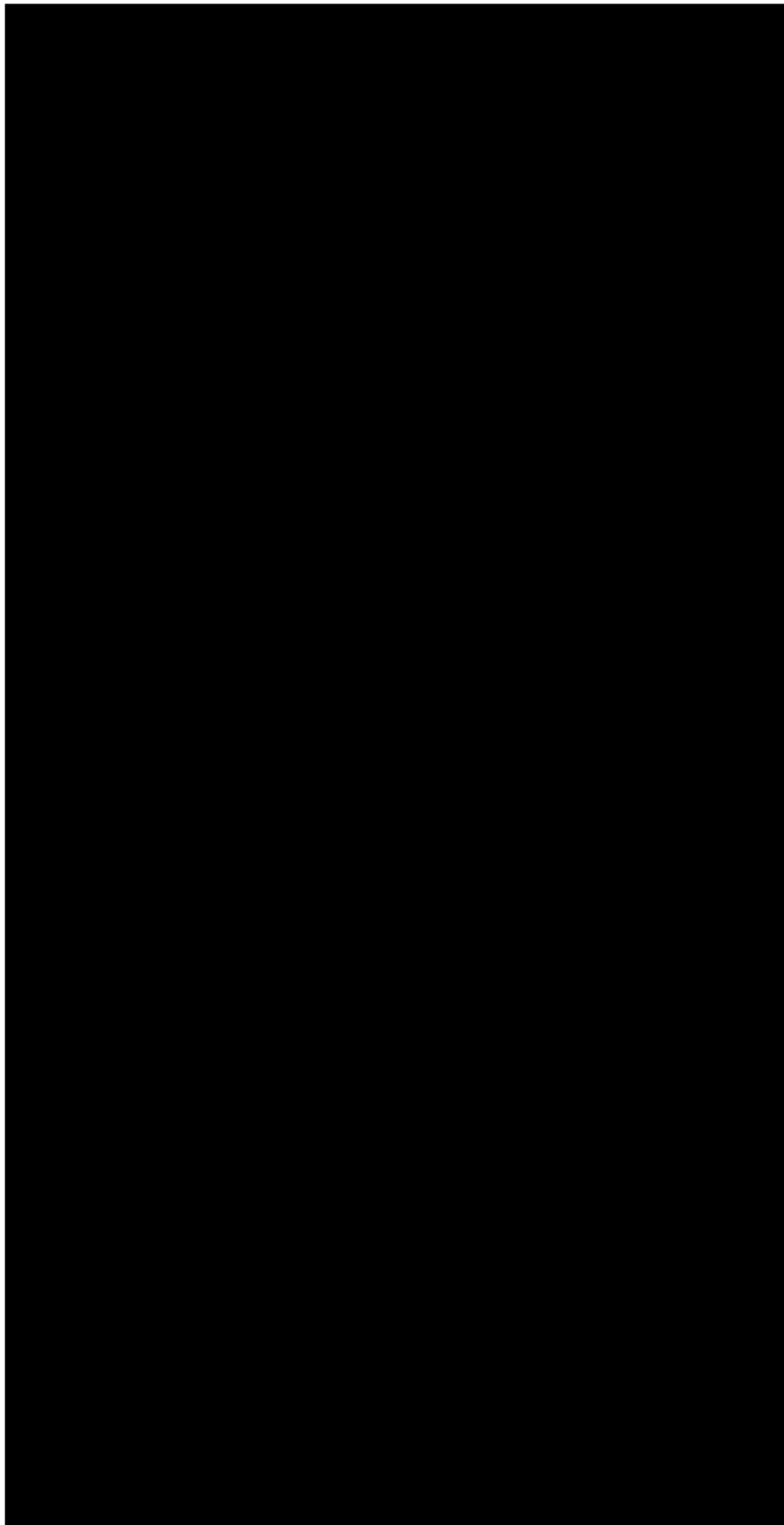
# Sales Incentive Program



Legend:

■ = Communicated up front      ■ = Communicated after performance period

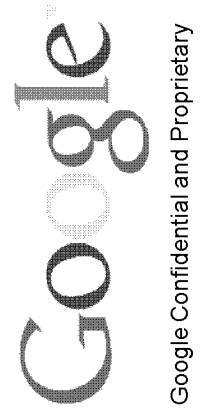
## Sales Incentive Plan Mechanics:



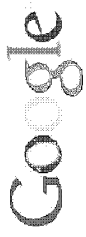
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# Compensation Components

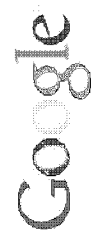
## *Long Term Incentives*



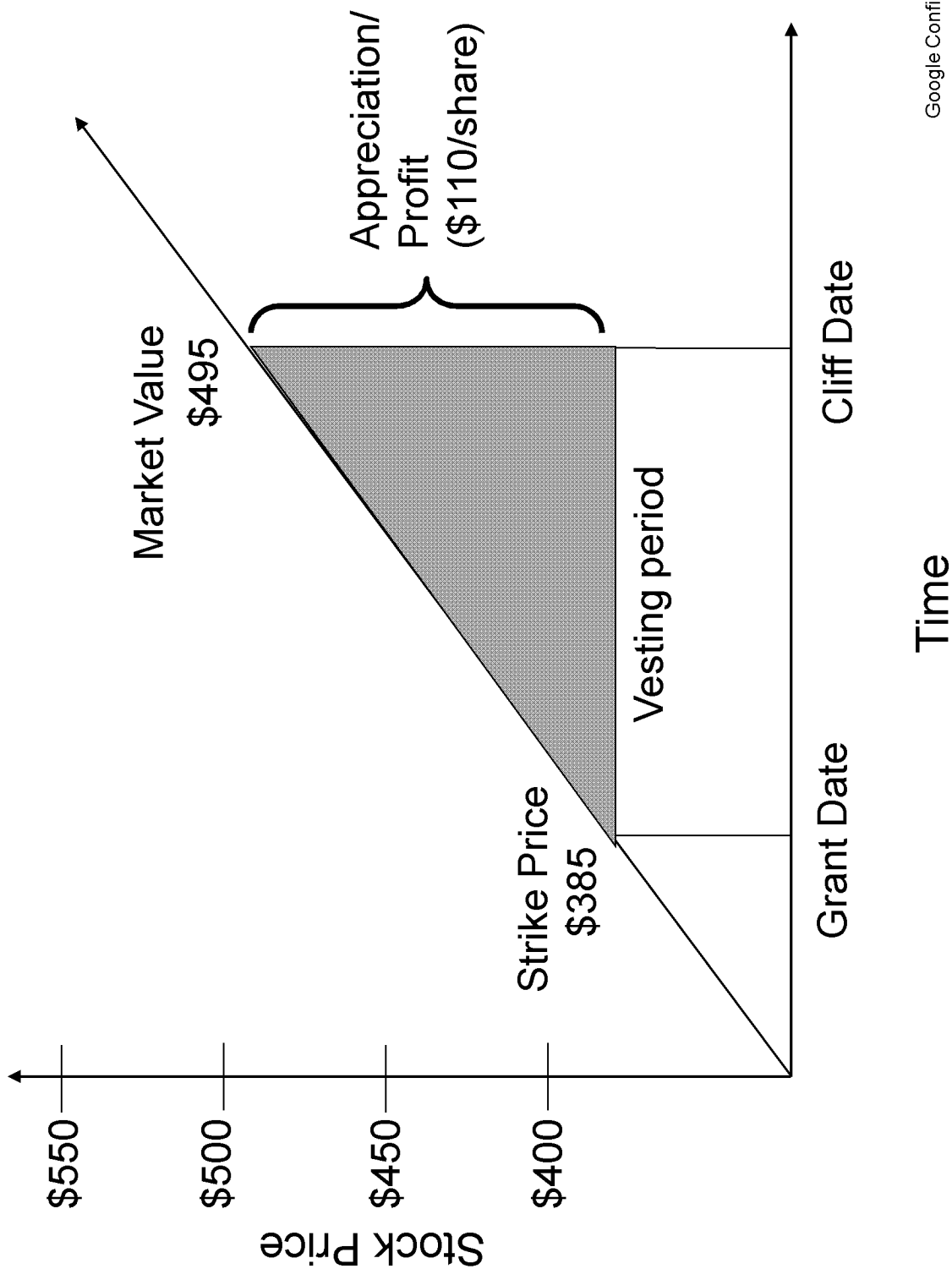
# Stock Options: Overview



- A stock option is a securities contract that gives the holder (the “Optionee”) the right to purchase a set number of shares of the Company’s Common Stock at a fixed price (the “strike price”).
- There are two primary kinds of stock options:
  - Non-statutory stock option (NSO)
  - Restricted Stock Option (RSO)
- The **strike price**, or exercise price, is based on the value of the stock on the day the option was granted.
- You don’t own any stock until you exercise your Stock Options, which means that you have purchased the shares.



# Example of Stock Appreciation



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# New Hire Grants: Stock Options & GSUs



## Stock Options

- Value derived from an increasing stock price over time; intended to provide upside leverage and some downside risk
- Granted at Fair Market Value (closing price on the date of grant)
- Vest over four years: 1/4<sup>th</sup> after year one, and 1/48<sup>th</sup> per month thereafter

## GSUs

- Offer employees almost immediate “value” and “downside protection”
- Vest over four years: 1/4<sup>th</sup> per year
- Performance contingent nature allows to calibrate value delivery on an after-the-fact basis

**Note that programs may vary by country**

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# Stock Options vs. GSUs



### Stock Options

\$500 Stock Price at Grant

\$25 Appreciation

\$25 Total Value "Gain" to Employee

\$500 Share value not transferred to Employee

Time

Grant Date

Vest Date

- Stock price must go up for employee to realize a "gain"
- Gain is equal to the future stock price minus the stock price at grant

### GSUs

\$500 Stock Price at Grant

\$25 Appreciation

\$25

\$500 = \$525

Total Value "Gain" to Employee

\$500 Share value transferred to Employee

Grant Date

Vest Date

- No stock price movement is necessary for employee to realize a "gain"
- Gain is equal to the full price of the stock on the day of vest

# Stock Options vs. GSUs: Tax Implications



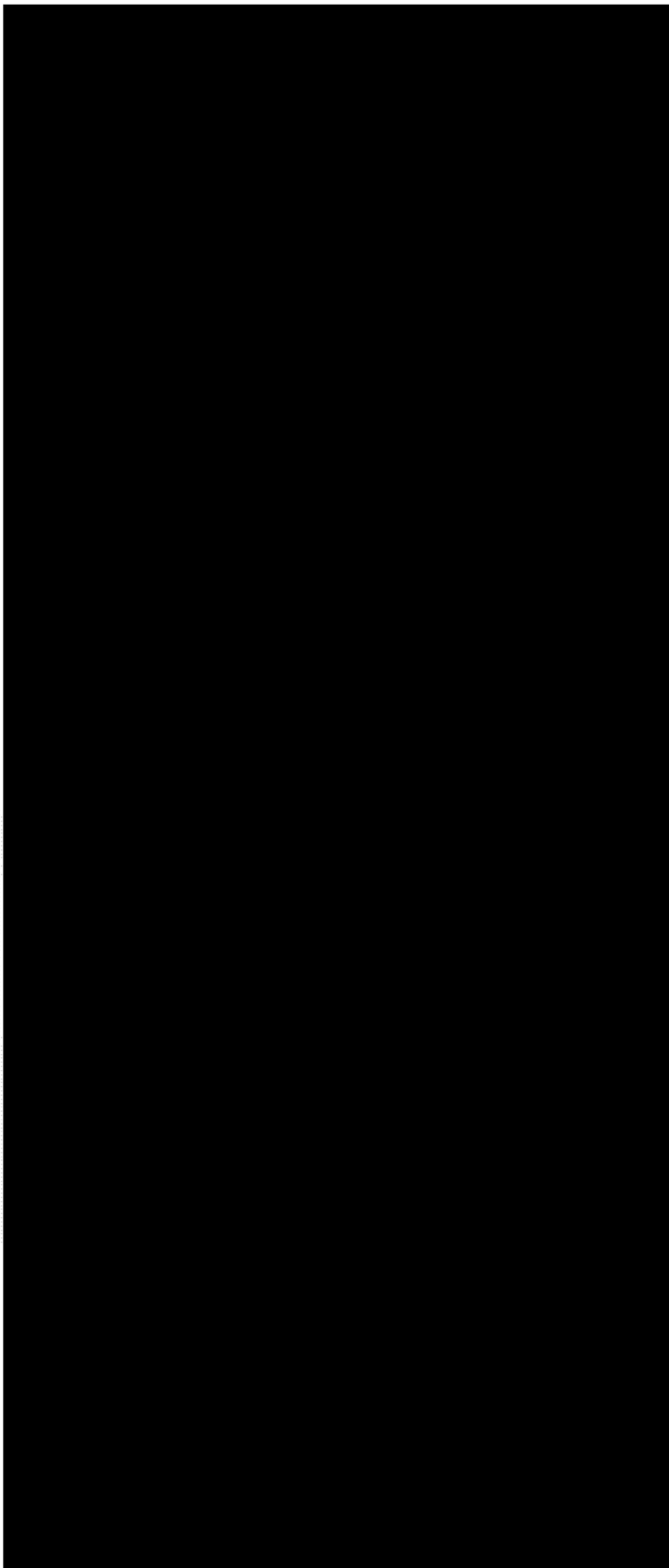
**Note: Tax treatment varies by country**

Stock Options	<ul style="list-style-type: none"><li>• Gain to the employee is taxed as ordinary income <u>when the options are exercised</u></li><li>• Upon sale of acquired shares, any further appreciation is taxed at applicable capital gains rates</li></ul>
GSUs	<ul style="list-style-type: none"><li>• Gain to the employee (i.e., full share value + appreciation/depreciation) is taxed as ordinary income <u>when the units vest</u><ul style="list-style-type: none"><li>➤ Shares are granted net of tax withholding as shown:</li></ul></li><li>• Upon sale of acquired shares, any further appreciation is taxed at applicable capital gains rates</li></ul> <div><div><div>Total GSUs Vested</div><div>25 GSUs</div></div><div>=</div><div><div>Gross Shares Granted</div><div>25 Class A Google Shares</div></div><div>-</div><div><div>Employee Income Taxes Withheld</div><div>11 Class A Google Shares (Rate = 42.93%)</div></div><div>=</div><div><div>Final Shares Acquired</div><div>14 Class A Google Shares</div></div></div>

**... however, Google cannot offer tax advice and managers should direct candidates to their own tax advisors**

Google

## New Hire Grant Program

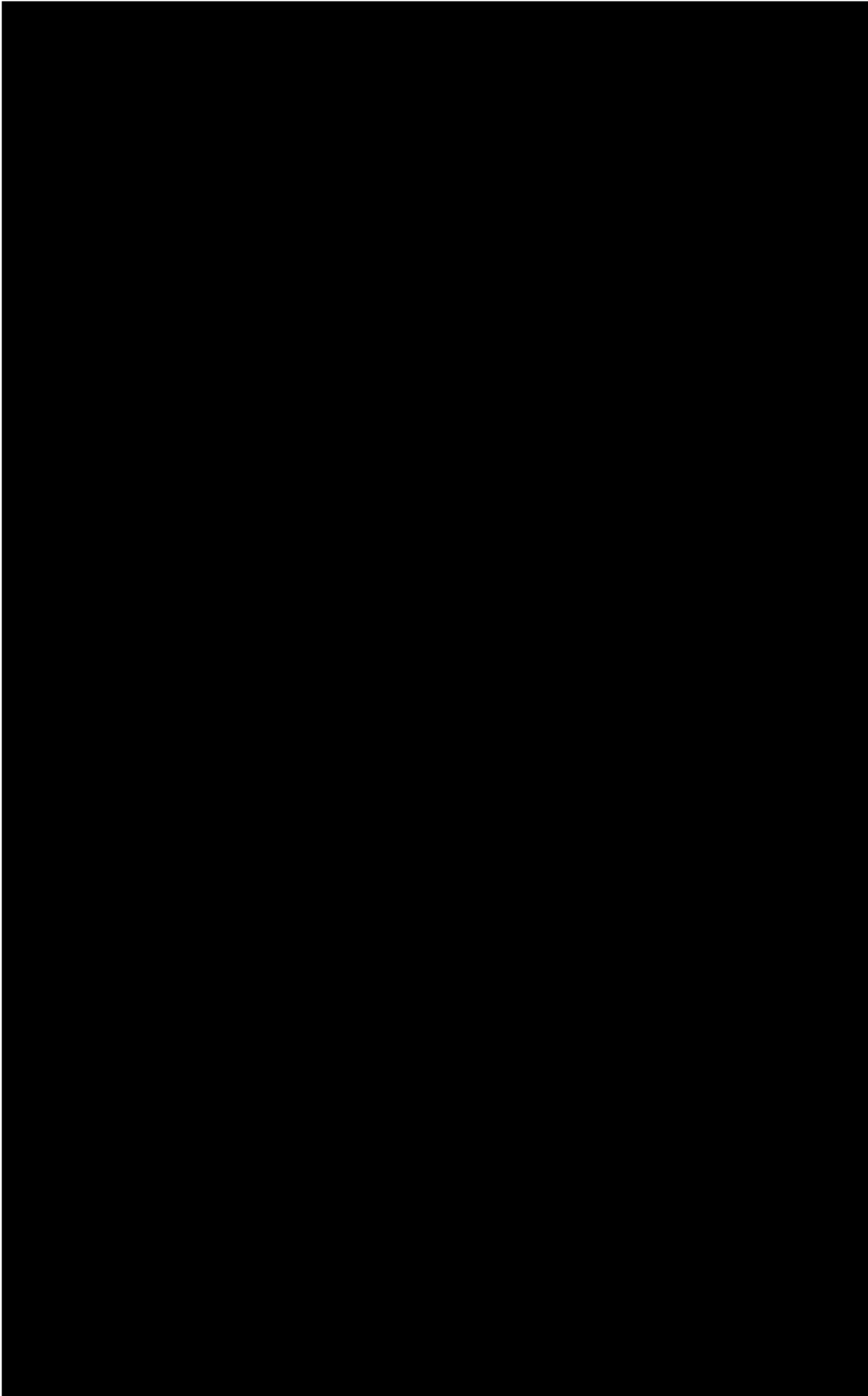


**Don't let candidates get caught in the trap of comparing number of options/units alone!**

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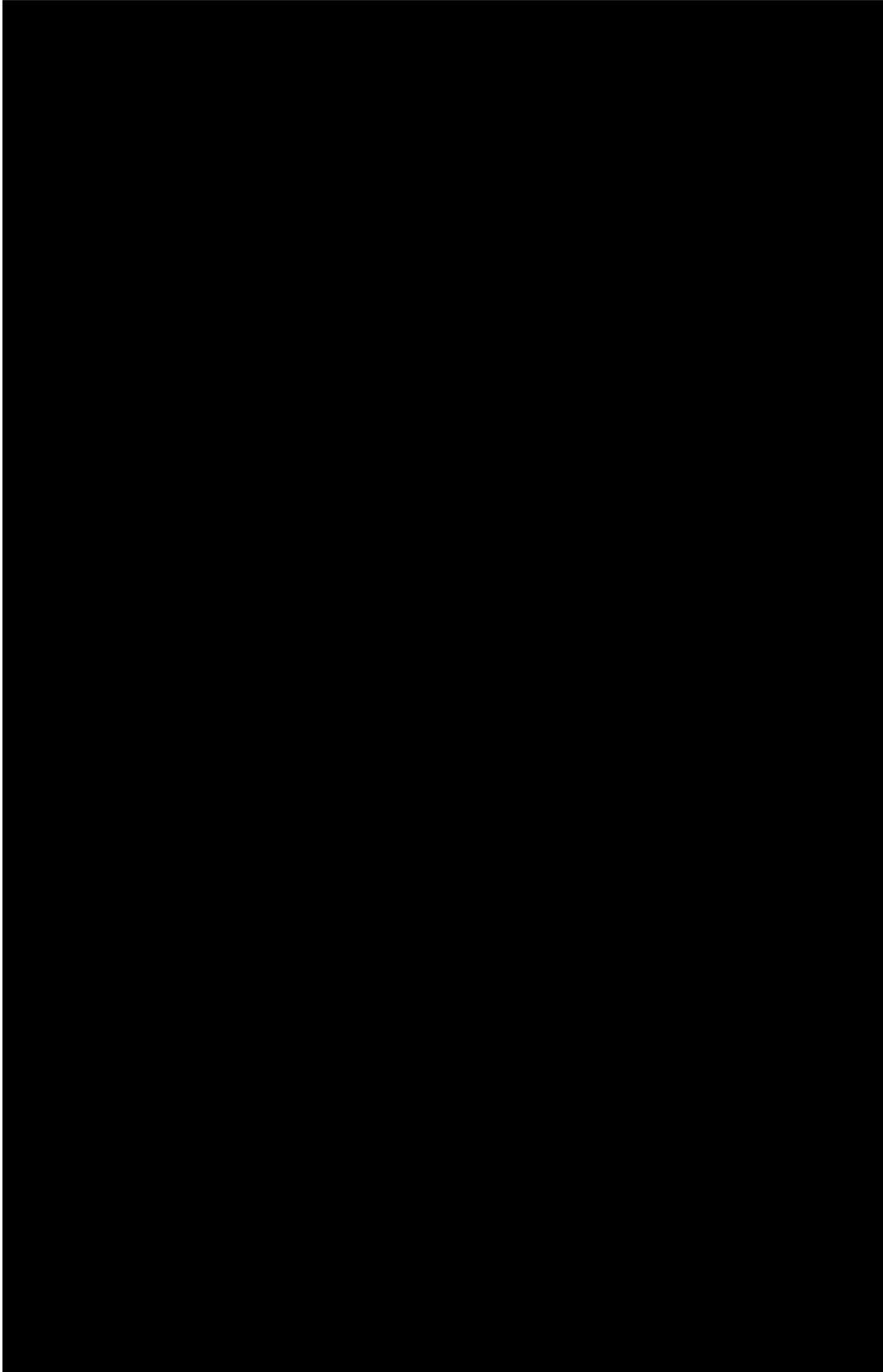
## TSO Program: Overview



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Google

TSO Program: How are options valued?

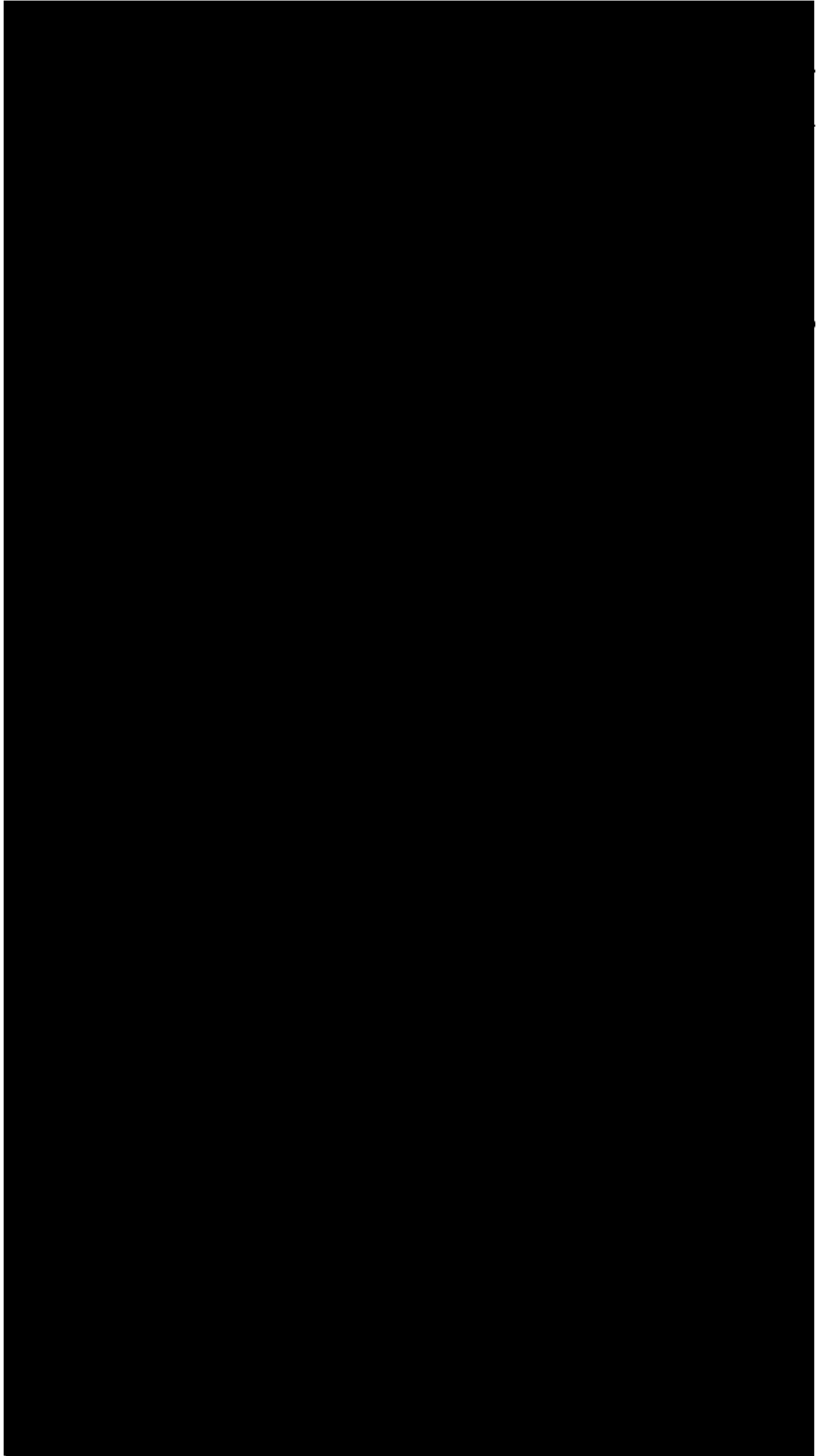


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TSO Program

Google

**How might TSO values look to employees?**





# TSO Program: How much are they selling for? Google

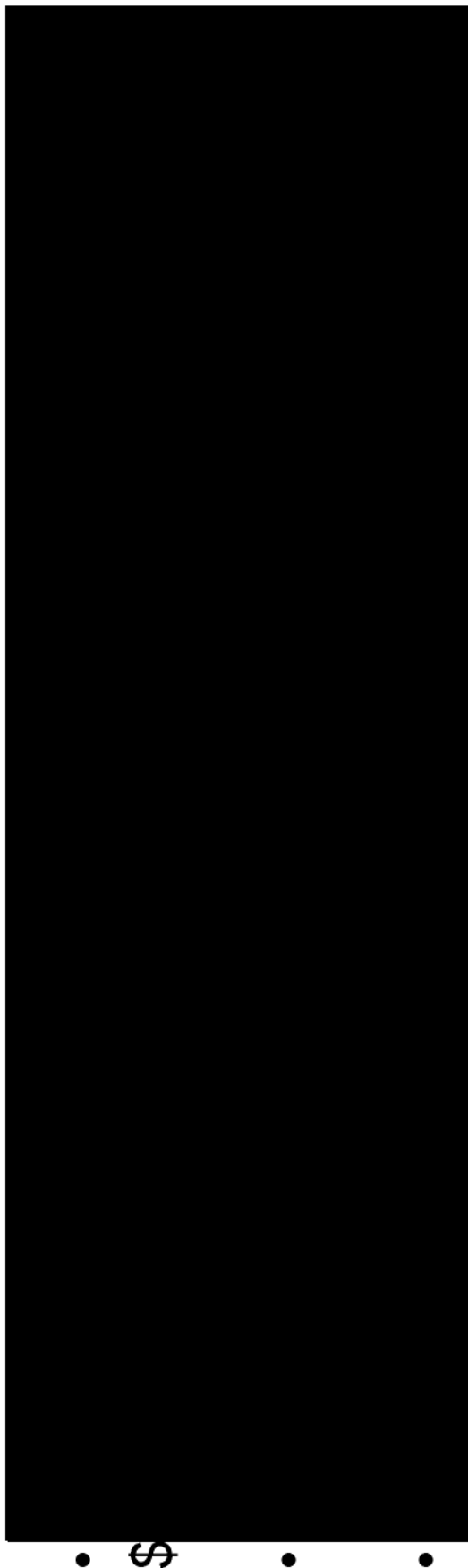
Sample trading data from Q2:

TSO Trading History Data as of 24-Apr-07				
Option Strike Price	n	Intrinsic Option Value	TSO Option Value	Additional Value from TSOs %

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TSO Example

Google



May not be necessary

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# TSO Resources



MOMA: [Frequently Asked Questions](#)

Video: [TSO Video](#)

Blog: [TSO Blog](#)

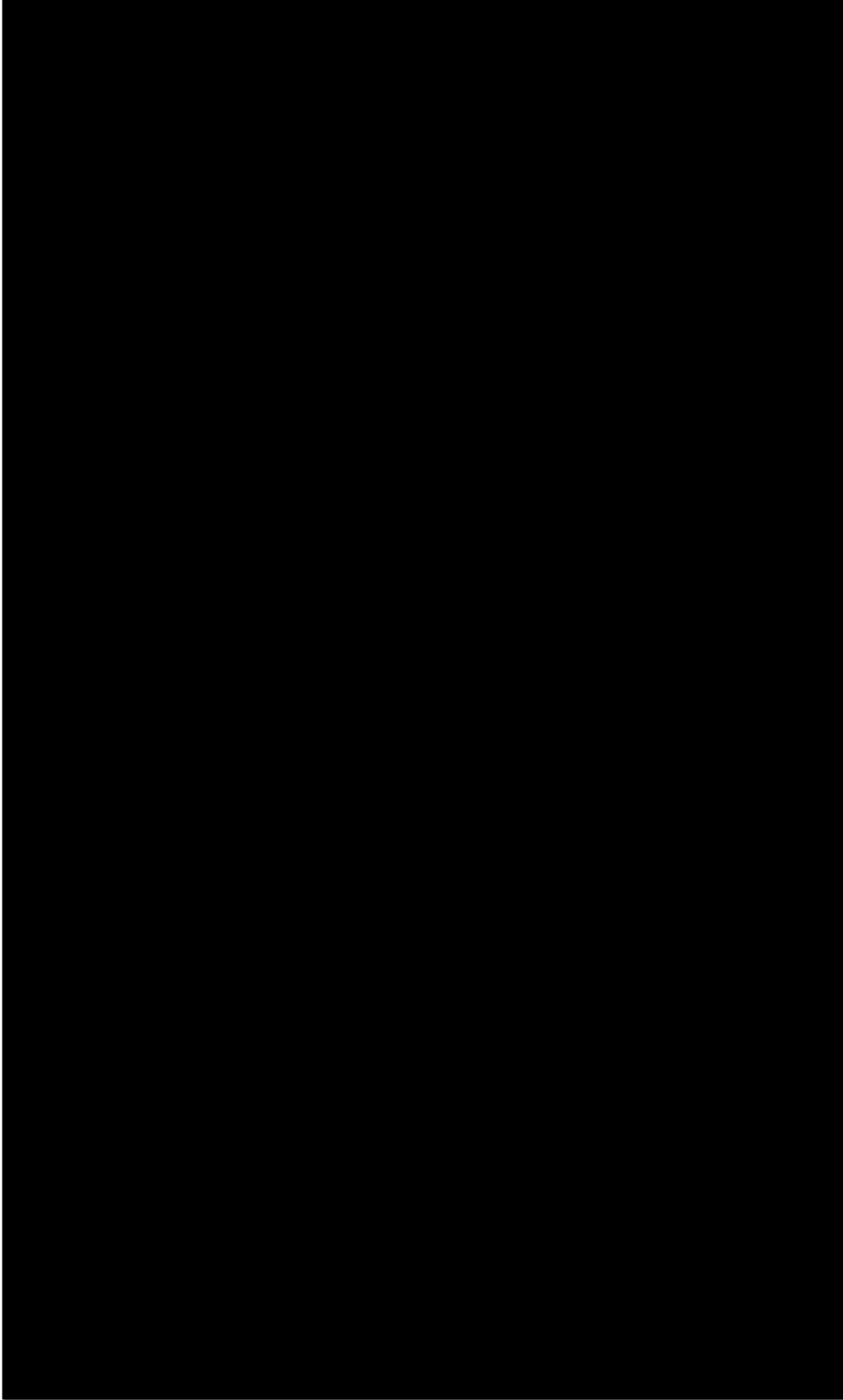
Marketwatch: [Examples](#)

May not be necessary  
– should be part of  
toolkit

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## Refresher Grants Overview

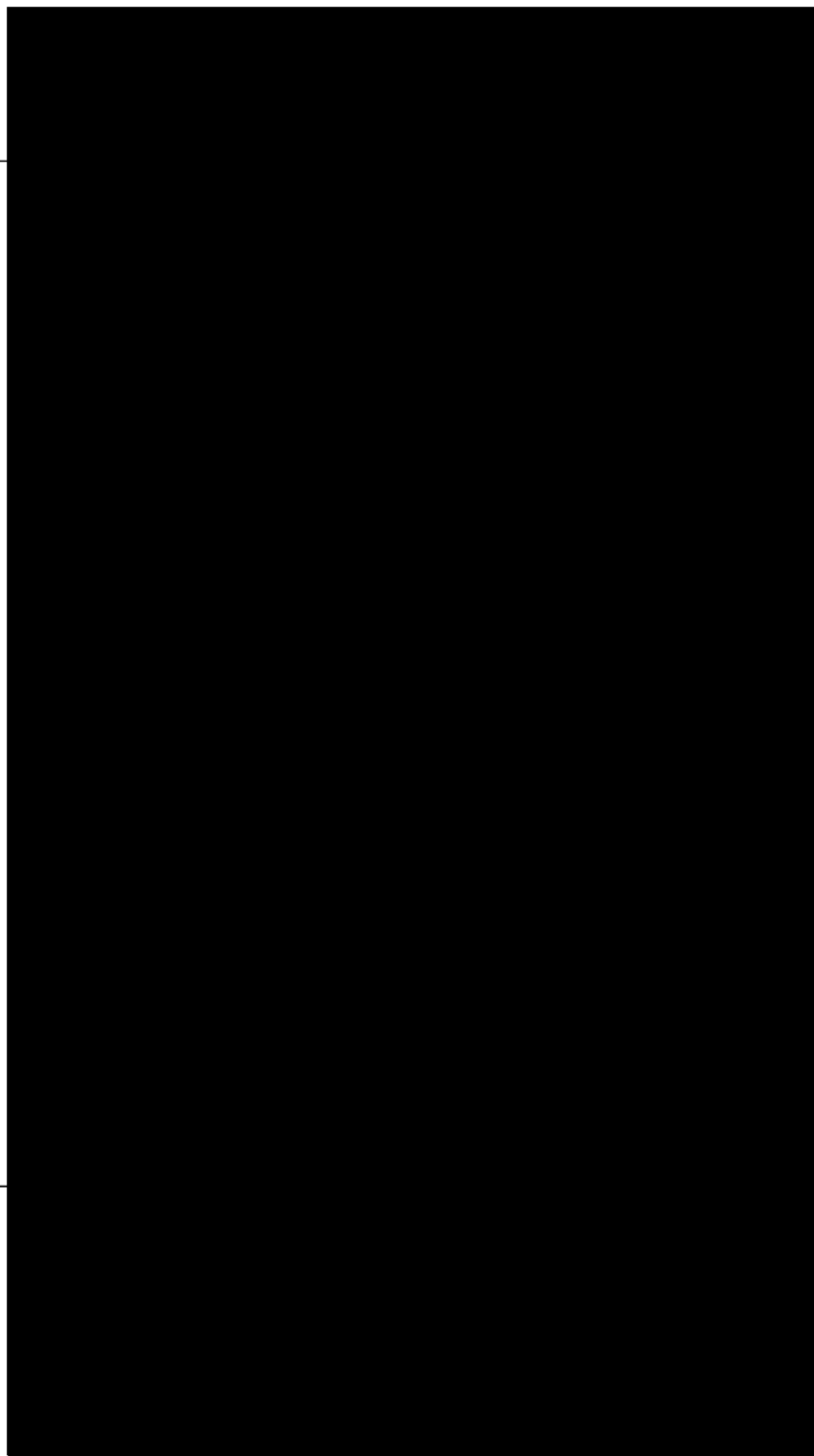


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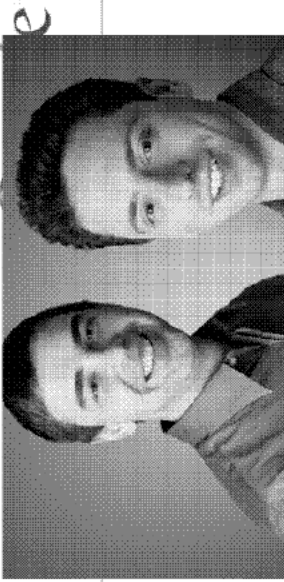
Google

# Determining Refresher Grant Payouts

Need to  
explain well



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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

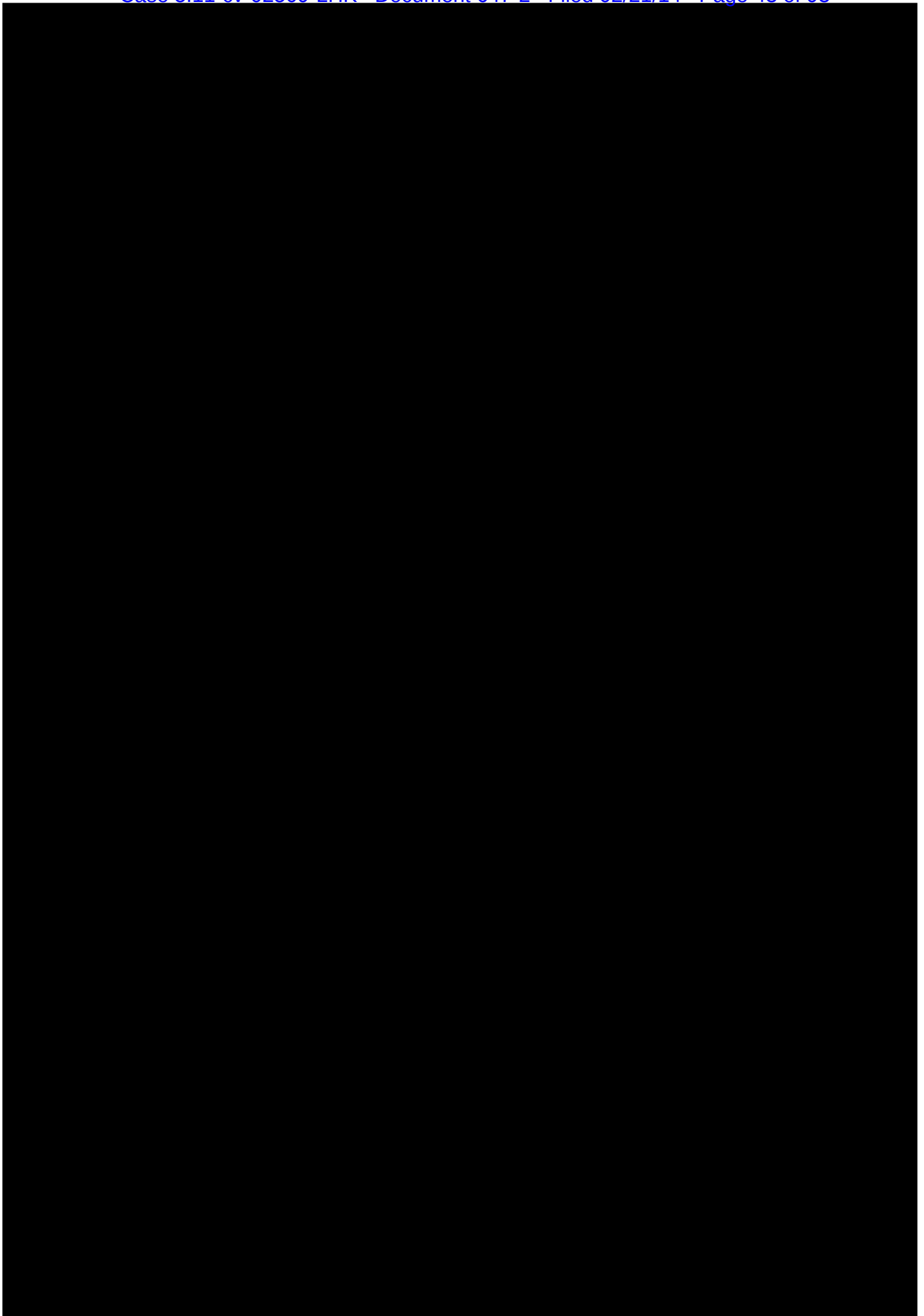
[REDACTED]

[REDACTED]

[REDACTED]

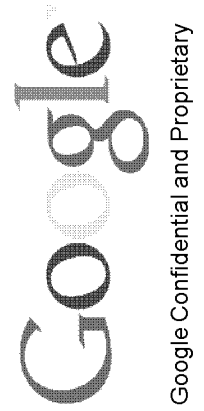
[REDACTED]

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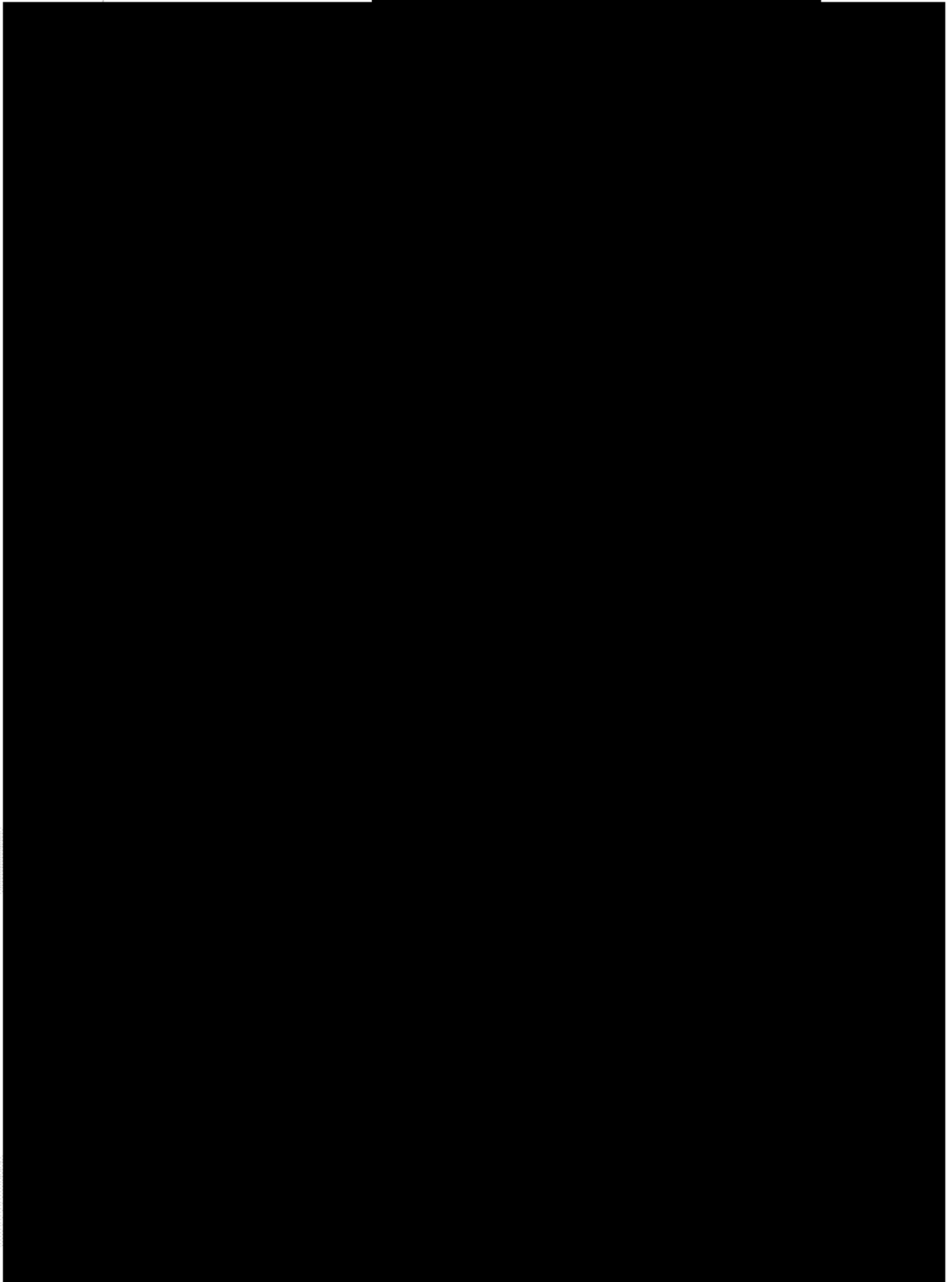


# Compensation Components

## *Sign-on Bonus and Relocation*

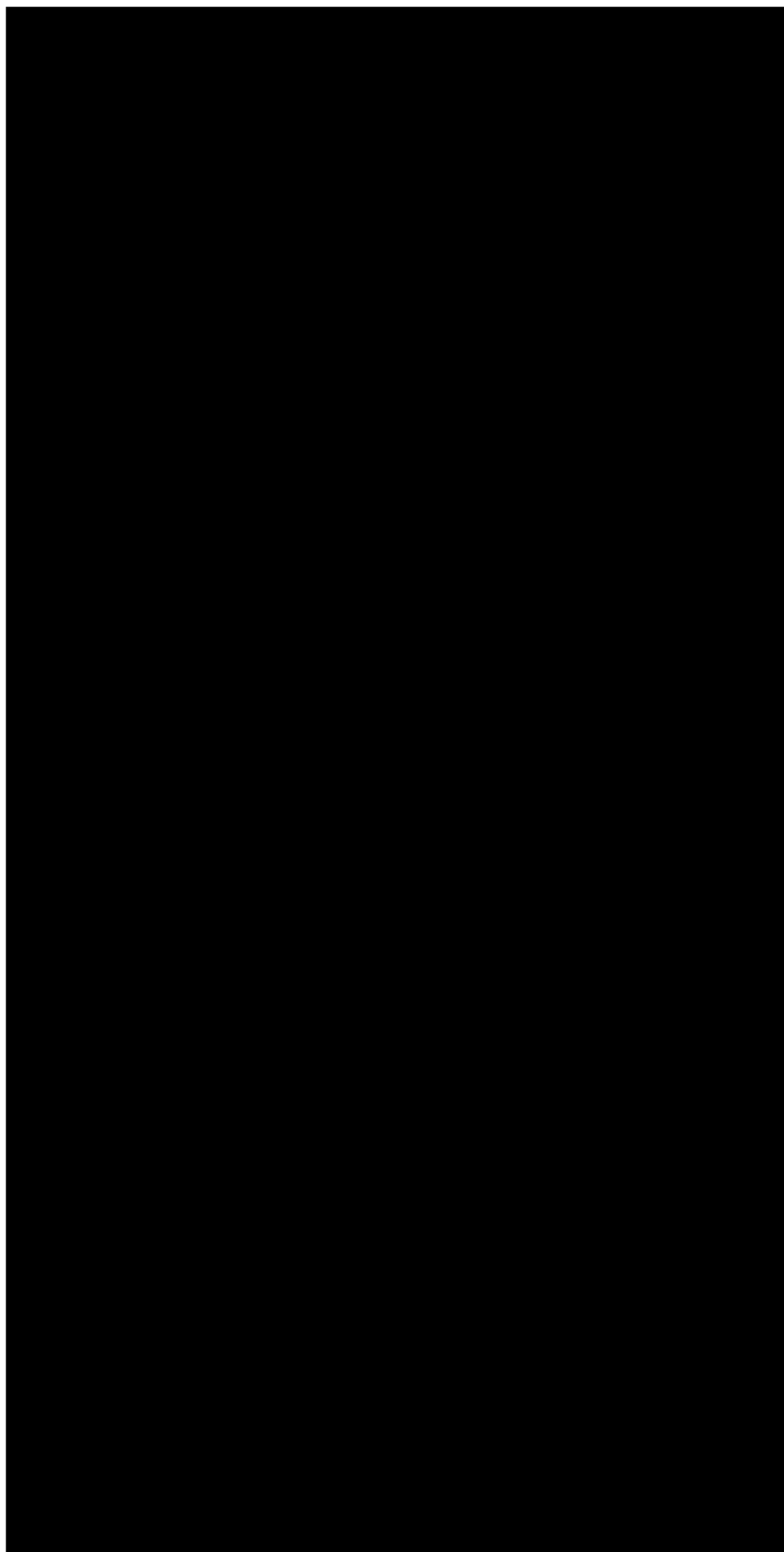






## Relocation Packages (U.S)

Google

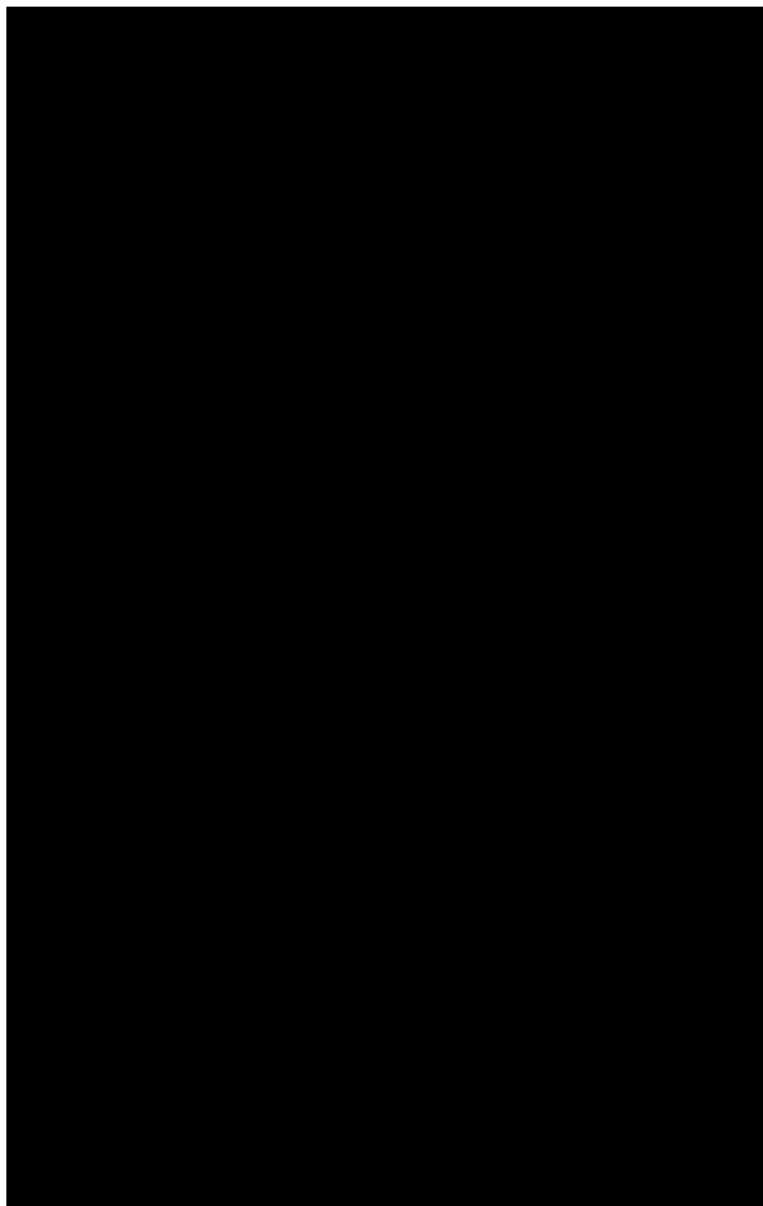


**\*\* Plan should be noted in OWF \*\***

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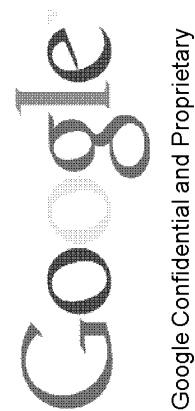
Google

## International Relocation



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# Compiling an Offer



# Roles and Responsibilities

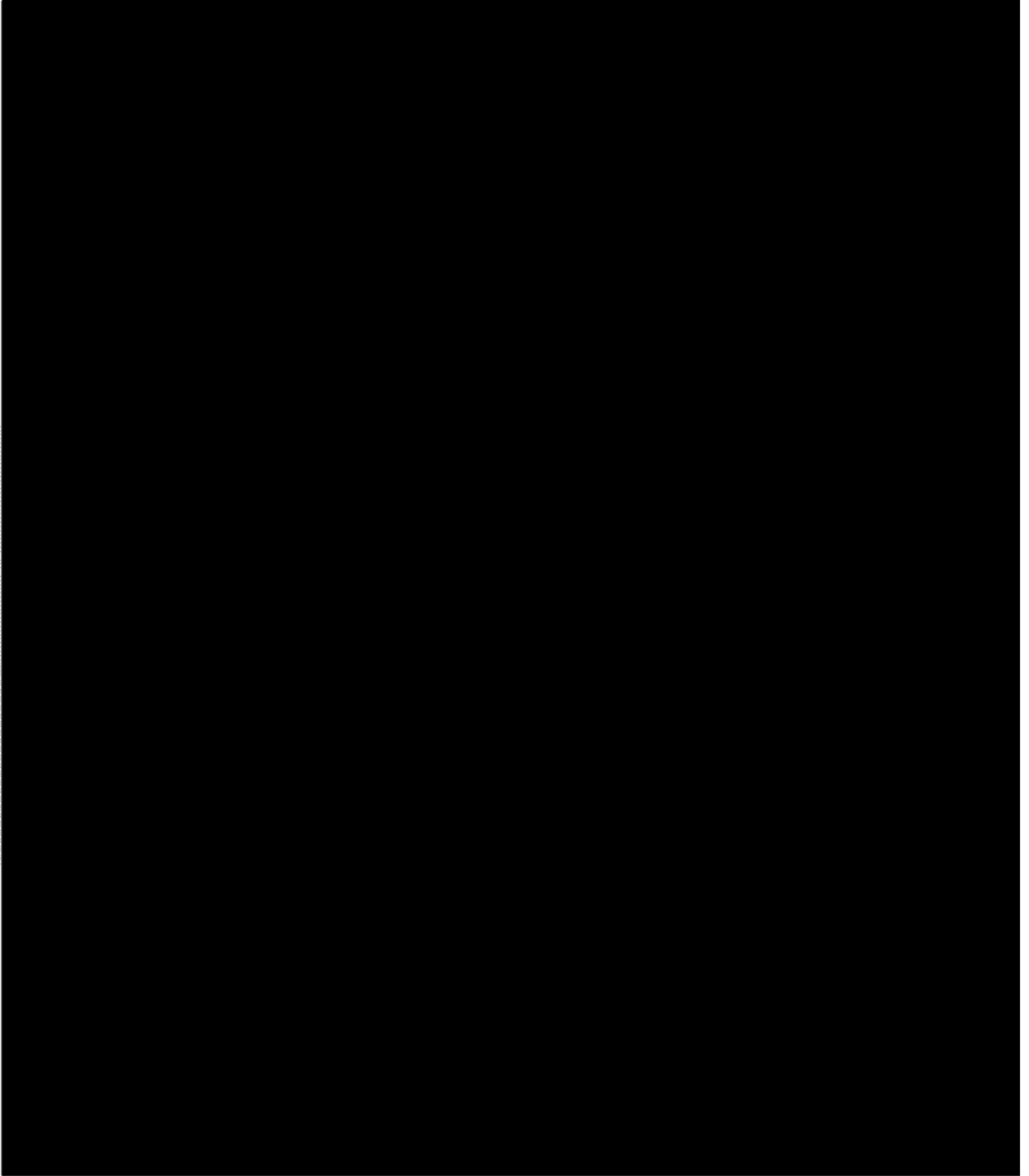


- **Compensation Team's role**
  - Communicate offer parameters by level, role
  - Establish a "Service Level Agreement" for offer turnaround and volume
  - Train Lead Recruiters on Compensation design and offer process, and maintain training materials
  - Comp offers for non-standard Jobs
  - Be a consultant on challenging circumstances and questions
  - Provide analytic work for variance from guidelines and quality assurance
- **Lead Recruiter's role**
  - Responsible for training Recruiters and meeting guidelines
  - Recruiter adherence to process, parameters and guidelines
  - Point of contact for compensation communications
- **Recruiter's role**
  - Understand offer process and systems
  - Make offers by applying rules set by Compensation
  - Understand Google's Compensation philosophy and practices
  - Sell the offer: our value proposition is not solely compensation

Google

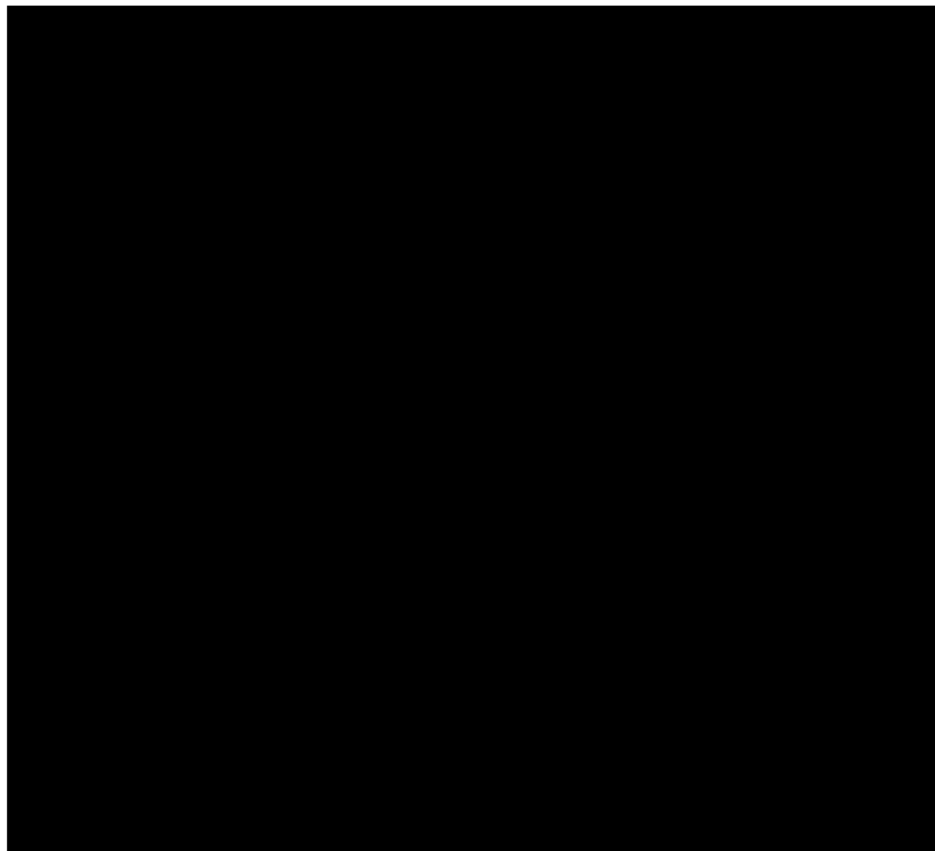
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Base Salary



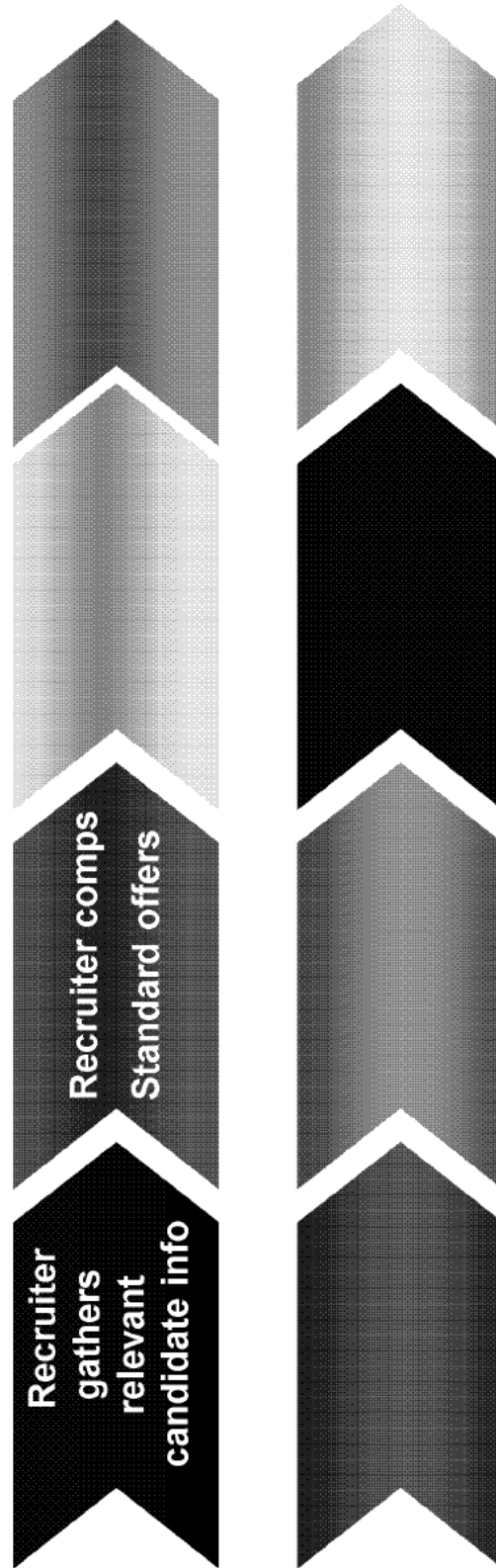
Google

## Factors in determining Compensation



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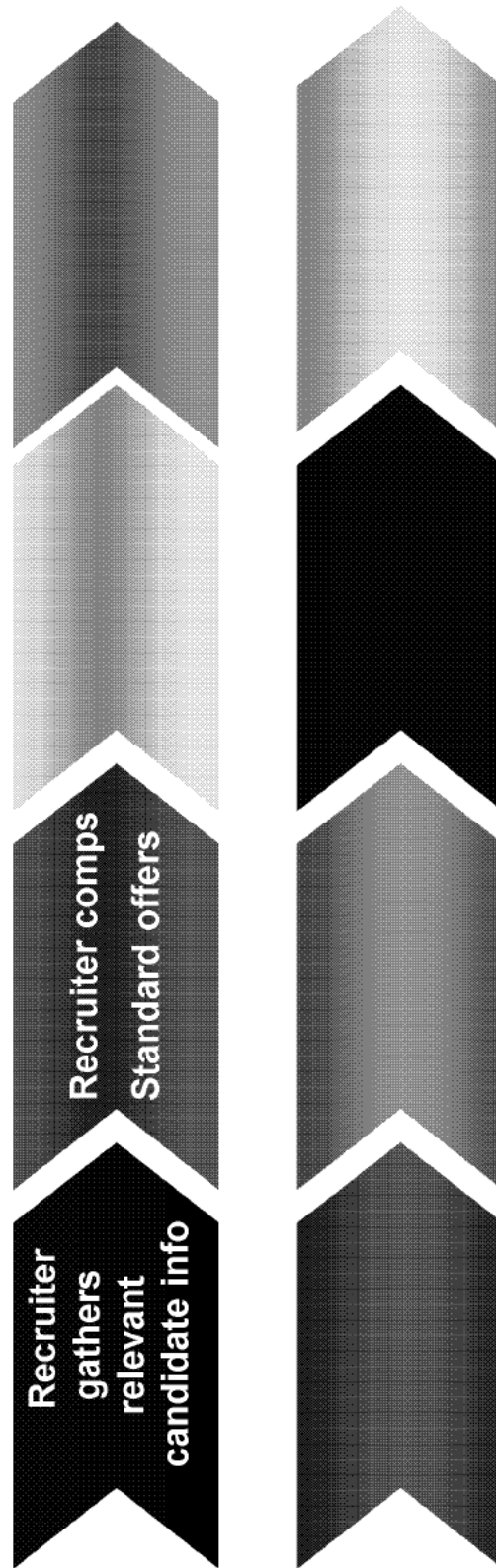
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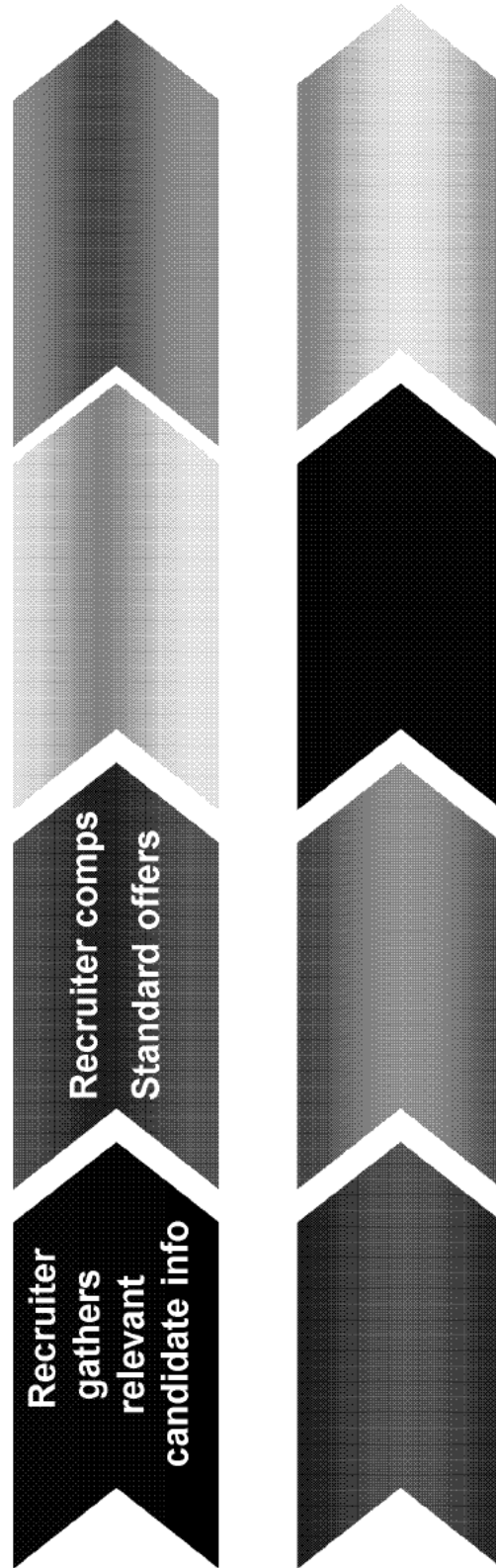


Google



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Google



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Google

What is it?

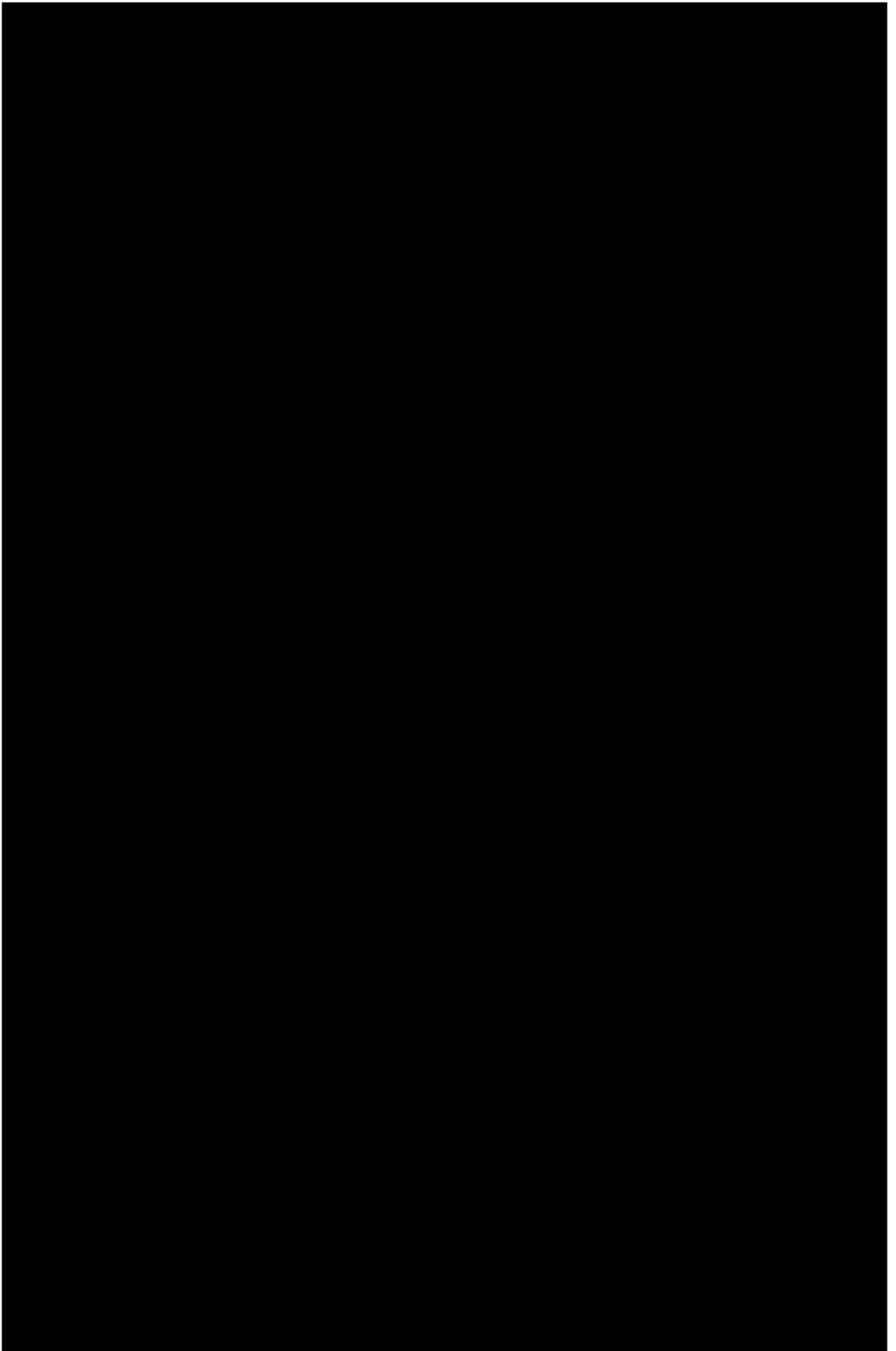
Why do we have it?

How do you use?

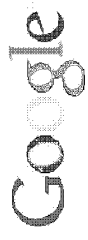
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Google

“Exploding” Offers and Offline Approvals



## Example/Scenario – Creating an offer



- Tommy Candidate

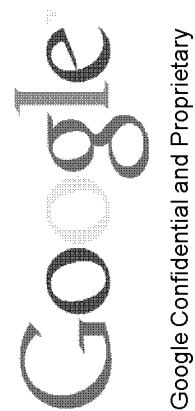
- B.S and M.S. from Stanford University in Computer Science
- 3 years experience at IBM
- Specialized in \_\_\_\_\_
- Current base salary is \$72,000
- Competing Offer

# Example/Scenario – Selling an offer

Google

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# Other Programs



# Annual Review

Google

- Time Line

- When do bonuses and merits/promo get paid?
- When must someone start to be eligible.

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Google

Promotion?

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# Executive Candidates

Google

Unique Factors for Execs:

[REDACTED]

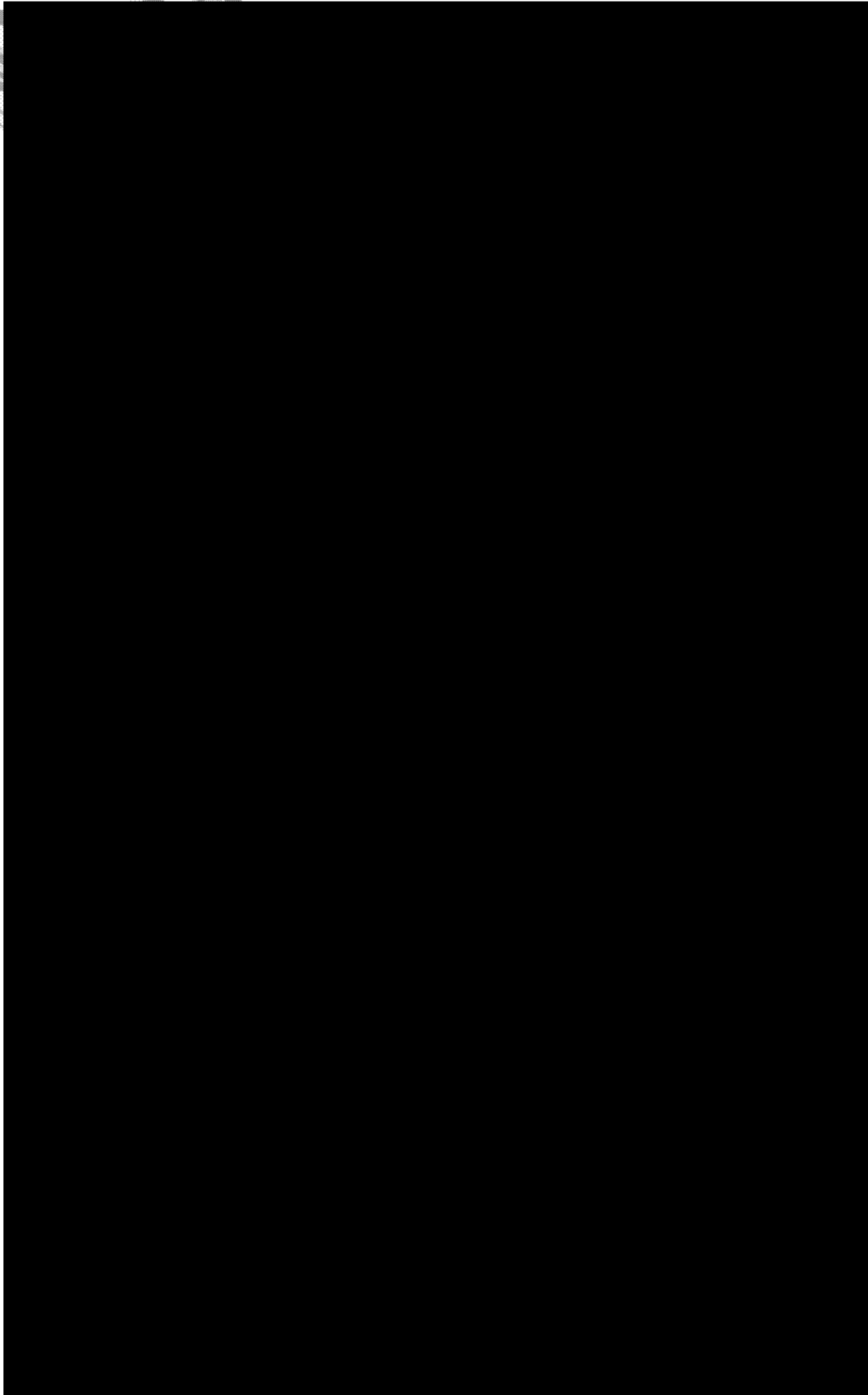
What can you do?

[REDACTED]

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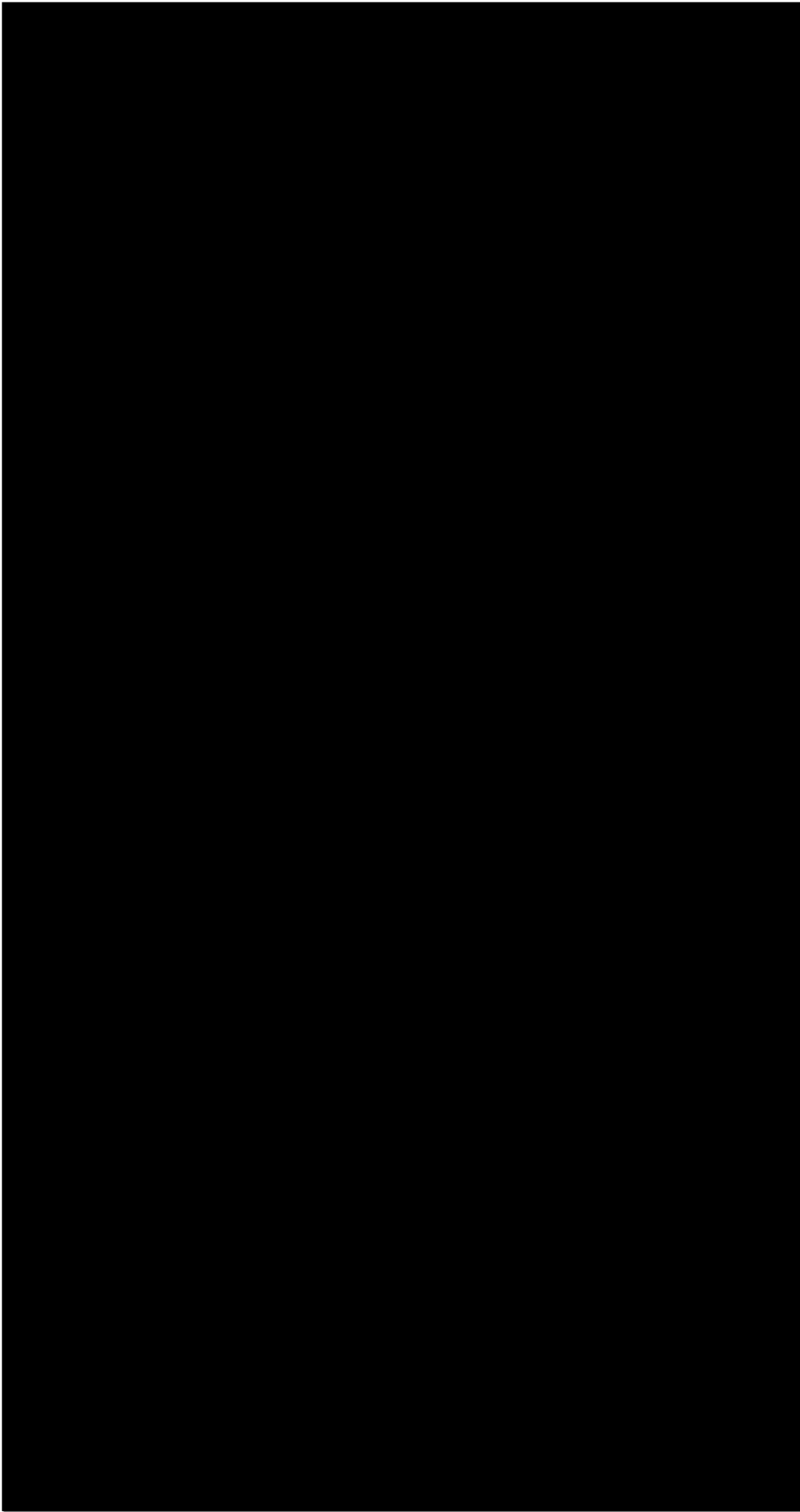
Google

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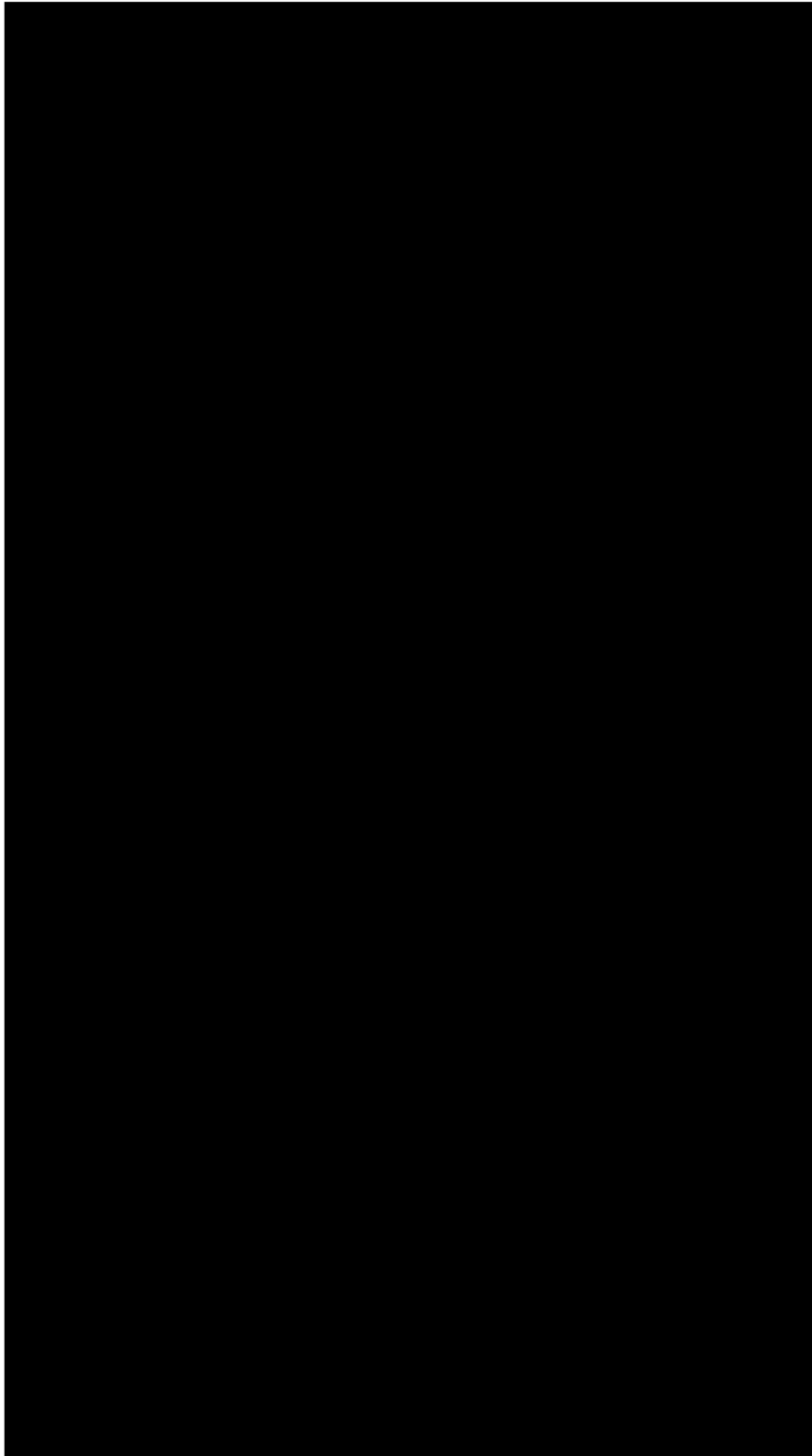
Google

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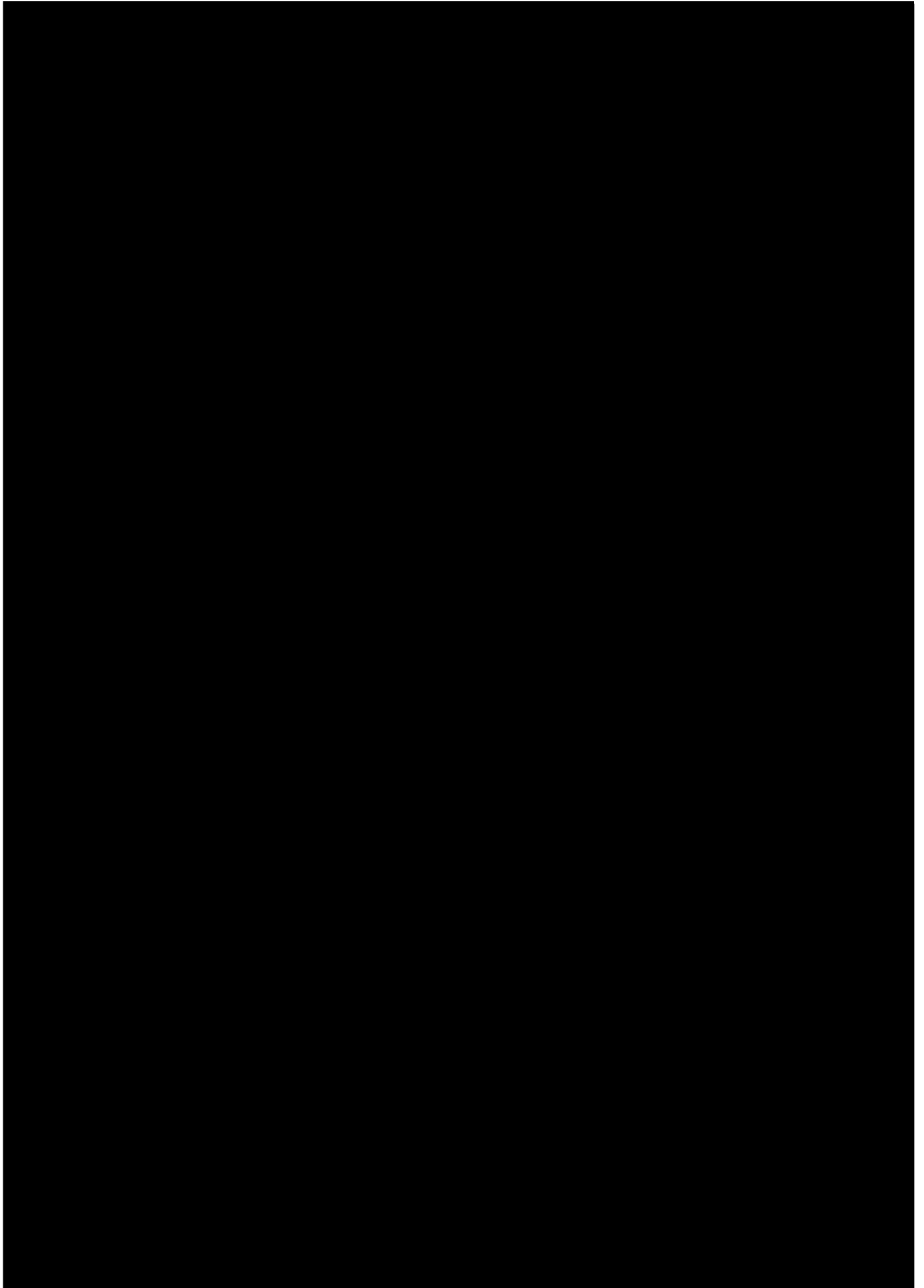
Google

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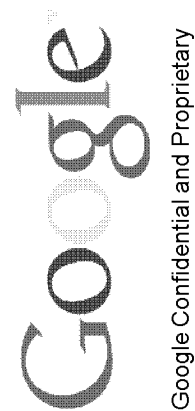


Google

rietary



# Offer Extended



# Objection

Google

"I recognize that your overall package is great, but I can't afford to take this cut in my salary. I have certain ongoing expenses I need to meet NOW, and your bonuses and stock aren't payable until a year from now."

Recruiters meet in a group to discuss responses or  
discuss good vs. bad answer

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# Objection

Google

“I know for a fact that my friends received a better base salary when they were hired. Why aren't I getting the same package?”

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Google

"I feel that there's some real risk involved in your bonus program considering the impact company performance has on payouts. I would prefer the security of a higher base salary"

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Google

"I'm taking a massive base pay and title cut. What kind of assurance can I have that this performance-based philosophy will really pay out?"

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# Objection

Google

(for E2 --> N2 roles in US) "Why is this position non-exempt?  
Please give more details on how it impacts my compensation  
(e.g., how will my bonus work)."

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Google

Objection

Cost of living changes?

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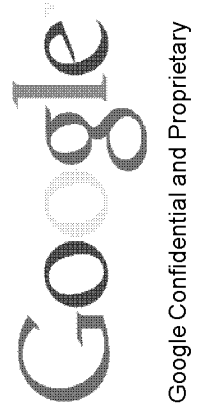
# Candidate Renegotiation

Google

- “Candidate Request Revision” in OWF
- Work with Comp Analysts to propose new offer
- 

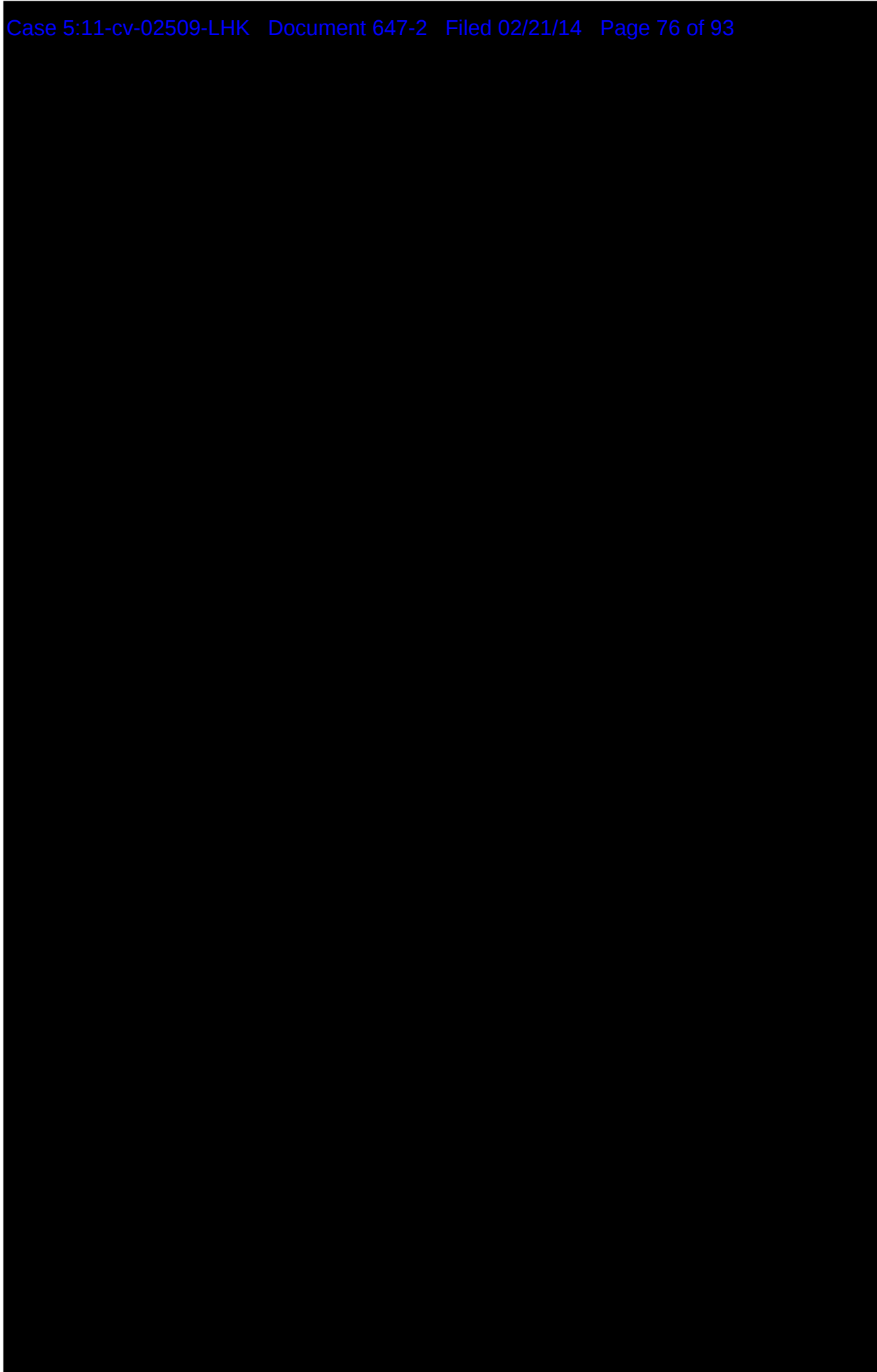
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# Contacts



Google

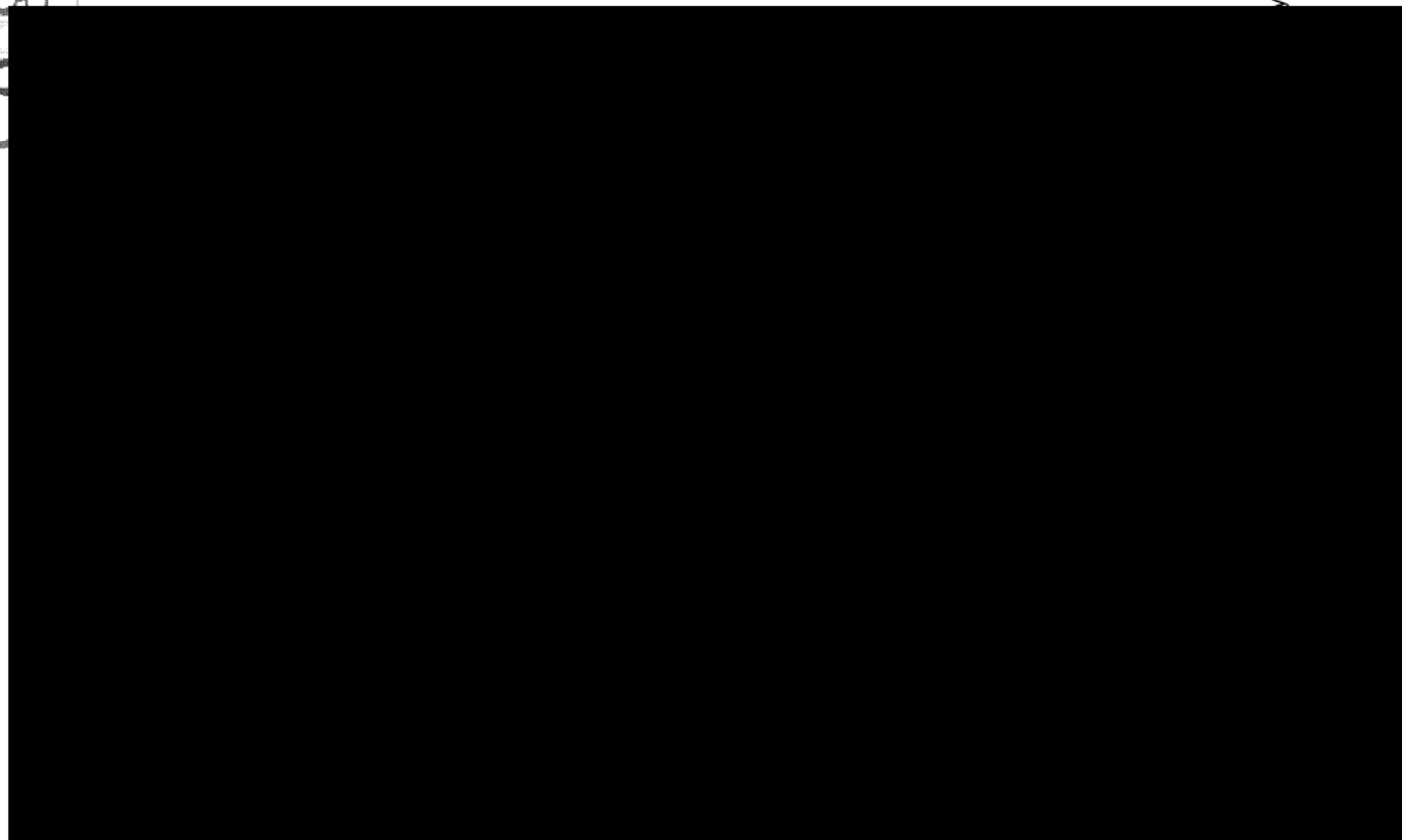
Who's Who?





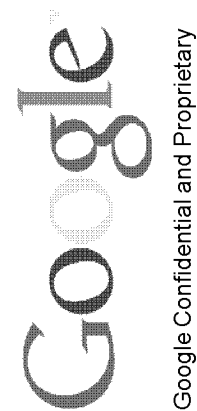
# Contacts

Region	Function/ region
US	Eng & Ops
US	Sales
US	PM, G&A
US	backup
US	backup
US	backup
US	backup
US	backup
EMEA	all
EMEA	backup
APAC	India, Singapore, Korea, Japan
APAC	backup for Barun
APAC	Greater China
APAC	Australia, New Zealand (Greater China backup)
LatAm	Sales
LatAm	Eng
	backup
LatAm	PSGA



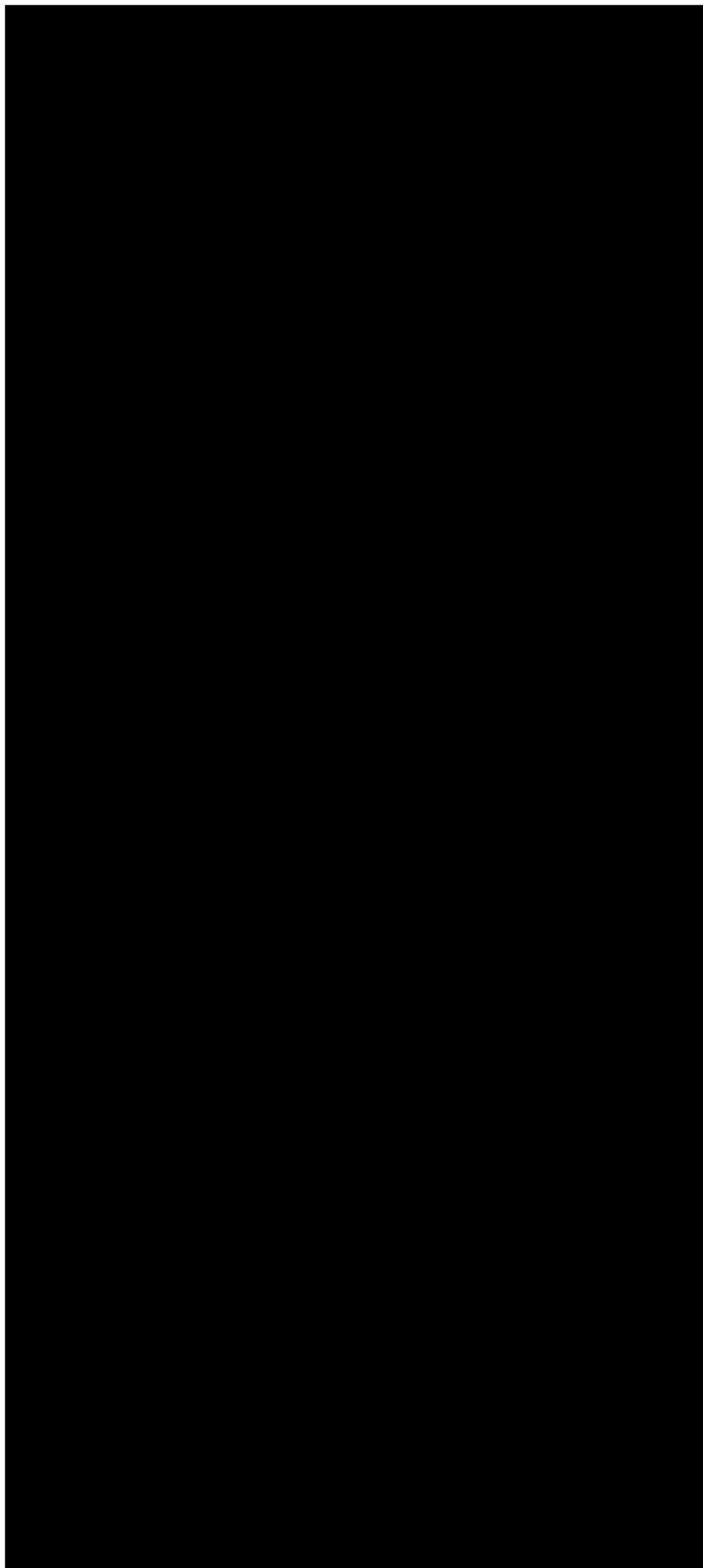
Google

# Questions?



Google

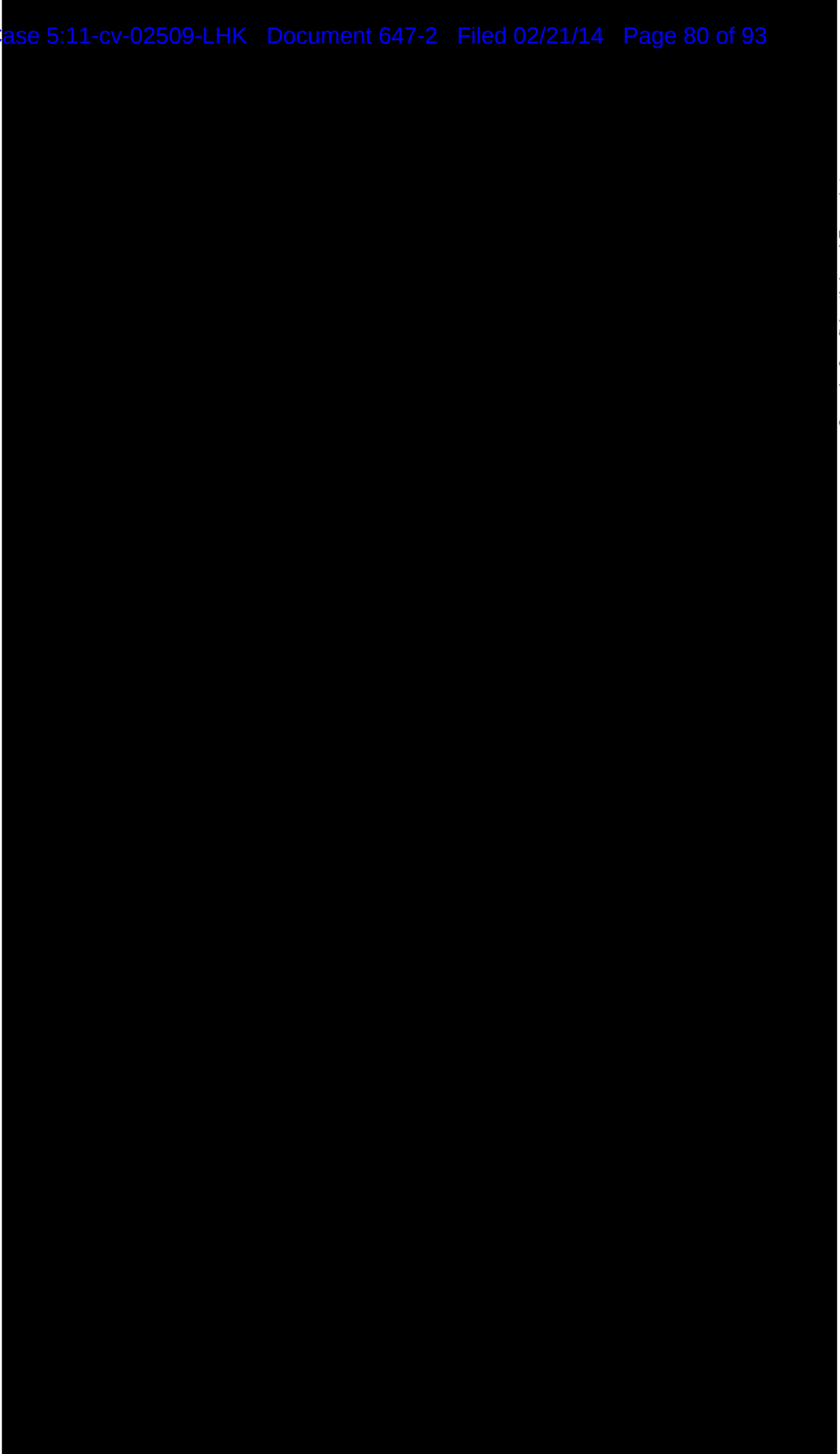
Leveling: Add as notes to comp practice



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# Leveling and Titles

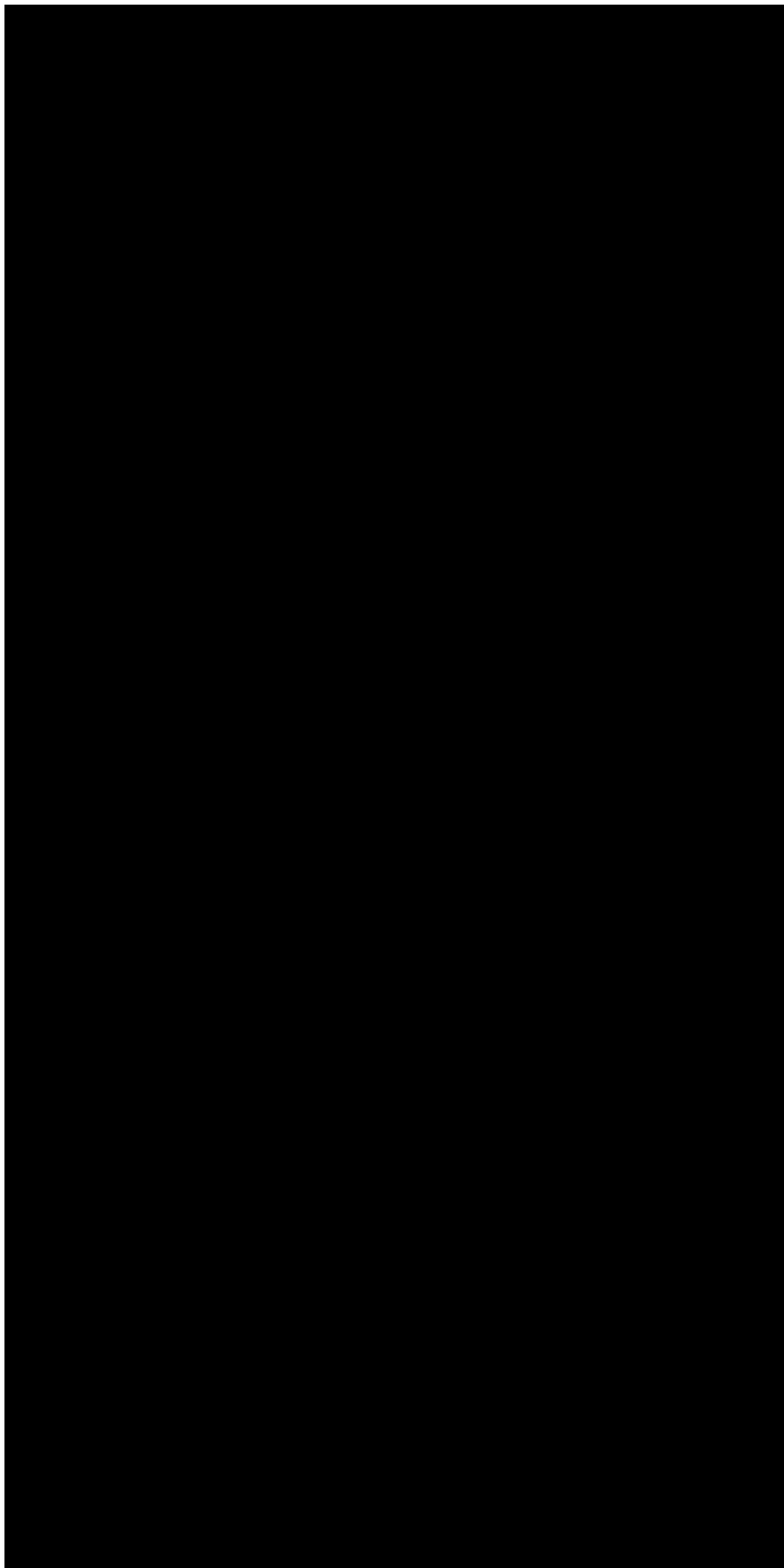
Google



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Determining Base Comp



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## Slide Notes

### **Slide 3:**

Philosophy

Pay History

Total Renumeration Value Proposition

Components

Base Salary

Benchmarking

Leveling

Setting Base

Bonus Programs

Company Bonus Program

Sales Incentive Program

Long Term Incentives

Stock Options

GSUs

TSO Program

Sign-on Bonus and Relocation

Comping an Offer

Process

Application/Example

Executive Review (equity changes)

Roles and Responsibilities

Miscellaneous

Annual Review

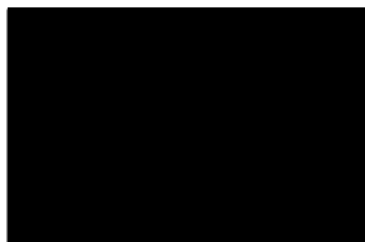
International Comp

Candidate Renegotiation

Exploding Offers

Executive Candidates

## Slide Notes



Objections and Rebuttals

Contacts

Questions

### **Slide 4:**

Why did we establish this policy?

We want to reward high performers – incentive for hard work and great achievements

Share in the success of Google as a company – people are given agency

Tied to the culture – very little micromanagement.

If there was just a base salary people may not work as hard. What is pay designed to do? Pay as motivation.

Mixed arrangement of stock options and GSUs offer downside protection

Through equity employees are tied into the success of Google

Aligns employee and company success

We give equity to everyone. Rare – Most companies just give equity to manager level and above – inclusion

## Slide Notes

80% of US companies have bonus programs for employees

We can afford to pay this way.

We want to promote innovation and performance

Companies that pay high base, low bonus want to attract a stable workforce that will stay until retirement  
– we aren't attracting those kinds of people

### Slide 5:

Google aims to be very competitive on total reward – most people experience a change in pay mix, resulting in larger total remuneration packages

### Slide 6:

Our compensation philosophy today (for non-Sales) is to target compensation at the 75th percentile of each of salary, total cash, and stock compensation.

What does this mean?

It doesn't mean we target our compensation to be the highest. If you compare your salary with enough of your friends doing similar work at other companies, you might find that you're getting higher salaries.

However, if you were to compare actual total compensation, you might find Google compensation to be much higher, or even highest

Our compensation philosophy has been evolving as we have been evolving



## Slide Notes

### **Slide 7:**

Compensation at Google is a lot more than just salary. When we talk about compensation we mean \*total\* compensation. When you add in bonuses and annual stock vesting, compensation at Google becomes more and more competitive. So if you're going to compare Google compensation to compensation at other companies, add all the pieces together.

One thing that's uncommon about Google's compensation is what we mean by target. When other companies say target they mean max. When we say target we mean target – and we expect there's a very strong chance you will be paid above target in your \*actual\* compensation. Actuals shown here are averages for the last year, but actual bonuses and stock compensation can vary dramatically based on both your performance and the company's performance.

### **Slide 10:**

Base Salary

Benchmarking

Leveling

Proposing a Base

Bonus Programs

Company Bonus Program

Sales Incentive Program

Long Term Incentives

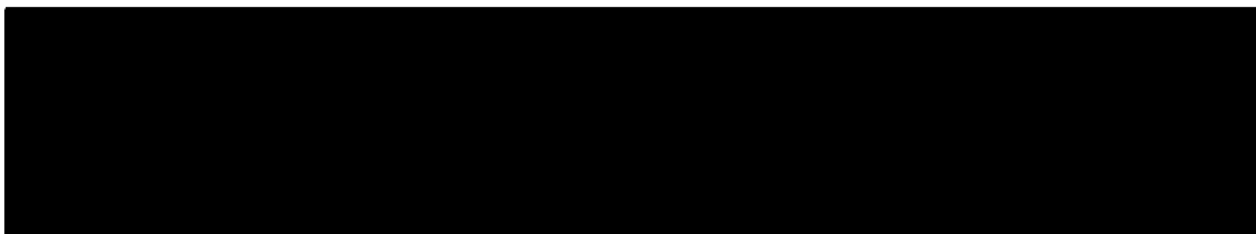
Stock Options

Google Stock Units (GSUs)

Sign-on Bonus and Relocation

## Slide Notes

### Slide 12:



### Slide 16:

Cost of Living vs. Cost of Labor

We set our pay levels consistent with our philosophy based on the role at Google and the local market. Essentially, we pay for cost of labor NOT cost of living.

What is Google's intended position relative to market (non-sales)?



How do we measure the market?



How do we compare jobs to the market?

Functionally

Scope factors (role complexity, domain expertise, span of control, etc.)

Geographically

## Slide Notes

### **Slide 19:**

When confirming the candidate's level, consider how they compare against our Google incumbents.

How does this candidate's education and experience compare to their Google peers?

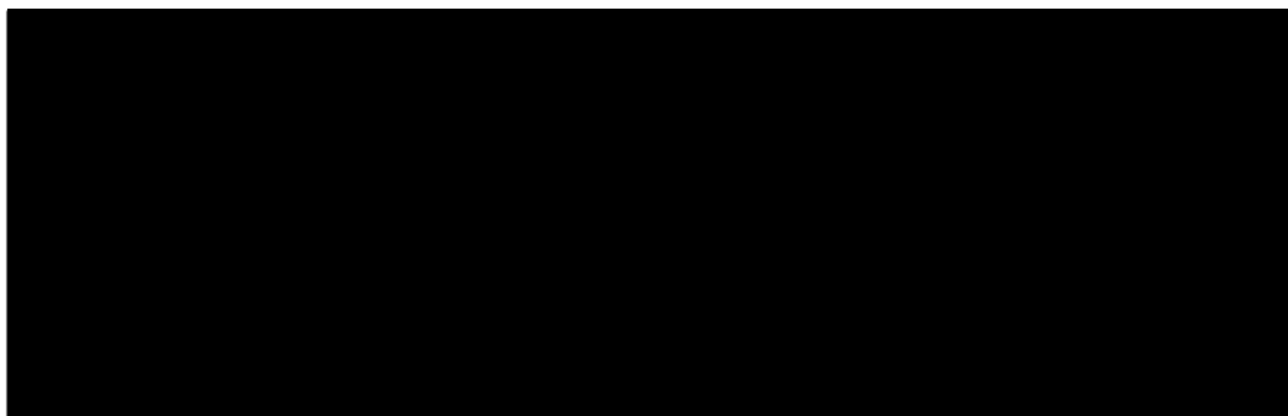
What specialized skills or critical knowledge might they bring?

Use this information about the candidate to determine where they should be placed in our nine tier system of salary levels, which we review in Staffing Orientation.

LEVELING: Job vs. candidate

Many Lead Recruiters have a good sense of prototypical employees per level or job type. Asking the hiring manager these questions too might be a useful way to ensure that you're leveling this candidate correctly.

Upon leveling the job, consider the following when determining the actual compensation:



Let's talk about the actual steps involved and what to think about when determining an appropriate offer...

### **Slide 22:**

Historical payouts have been [REDACTED]

## Slide Notes

Larger payouts are possible, but few in number

### **Slide 26:**

Google Equity Programs

Stock Options & Google Stock Units (GSUs)

Transferable Stock Options



Special Programs



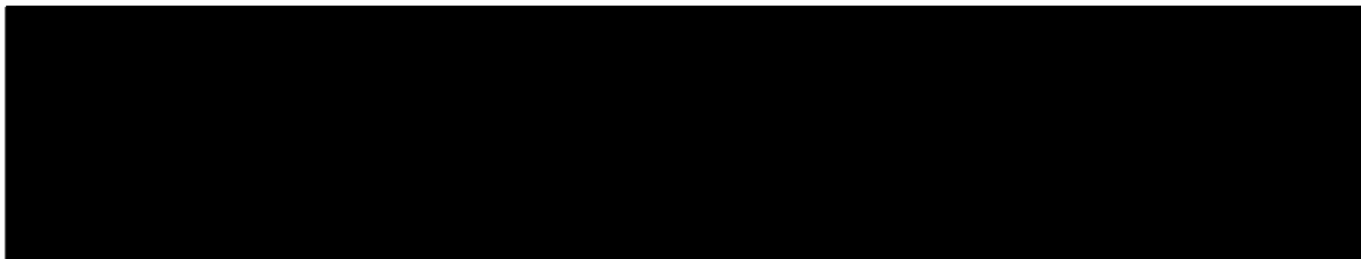
### **Slide 32:**

Candidates should consider growth scenarios and compare offers on that basis


We have provided recruiters with a modeling tool to facilitate these comparisons

Candidates must make their OWN growth assumptions; Google cannot offer guidance on probable growth rates for any company

### **Slide 33:**

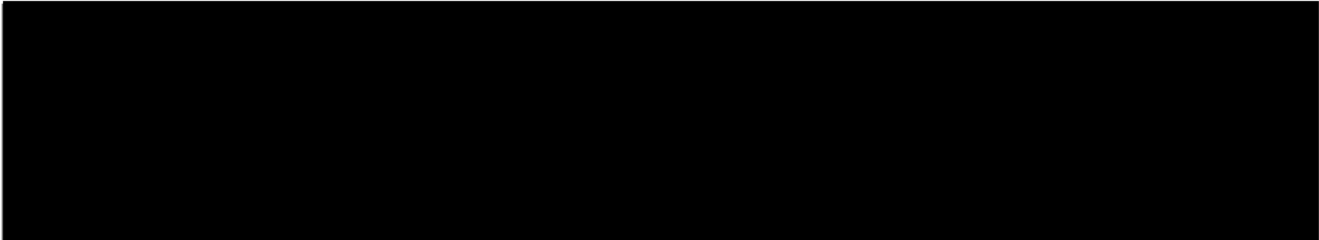


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This is a program for rank and file employees to understand and access the real value of their options.

The beauty of it is that it's simple. We know that investment banks are providing bids everyday on Google options in the public options markets, so we asked some of them to point their bidding engines over to our auction and provide our employees with bids in a similar manner. These banks use their own algorithms to stream bids in real time to a clearing engine that identifies the highest bid and shows it to employees through an interface that works like a personal brokerage account. When employees login to the auction site they can look at the prices moving up and down throughout the day and decide if they want to sell or continue to hold their options. Either way, we've succeeded in making the intangible time value tangible; and we've simplified the communication of option value.



### **Slide 34:**

In an indirect way, we've actually made B-S relevant to employees. Now even though employees can't hedge their options, they can sell them to investors who can. Because banks can hedge options, they are willing to pay the full fair value today for the rights to purchase both the intrinsic value of the options that employees could always monetize and also a premium on top of that for the rights to continue holding the options -- and that's the time value of the options that employees couldn't monetize before the TSO program.

There's just one catch -- they can't monetize the whole time value by selling all of the remaining option life through the TSO program. As soon as an employee option is transferred to a bank it becomes a maximum 2-year option and any remaining life is cut off. If less than two years remain on the employee option, then we start rounding down the remaining transferable life to the nearest six months so that the life that an employee holds is always greater than the life that an employee can sell. We grant 10-year options to employees and we want them to have an incentive to be long-term stakeholders. If they want

## Slide Notes

the full 10-year time value they should hold them the full 10-years. If they want to cash out earlier they'll still have to leave some of their time value on the table.

Let's take a look at how TSO values look to employees...

### **Slide 35:**

On the next slide, we've extrapolated a hypothetical TSO value curve (pink) based on Q2 actual trading data. We compared it to the value proposition of traditional options (blue). The green shaded area between the two curves is the additional value available through the TSO program at any point in time. As you would expect, similar to any Black-Scholes model calculations, the program has the least incremental value for options that significantly underwater or significantly in the money and the most value for near-the-money options.

Let's take a look at some actual transaction data on the next slide...

### **Slide 36:**

The auction is working very efficiently as the values employees are getting are similar to what you would expect to see in the public options market or a Black-Scholes calculation.

I think it's clear that Google's TSO program is great for employees, but what does it mean for the company...?

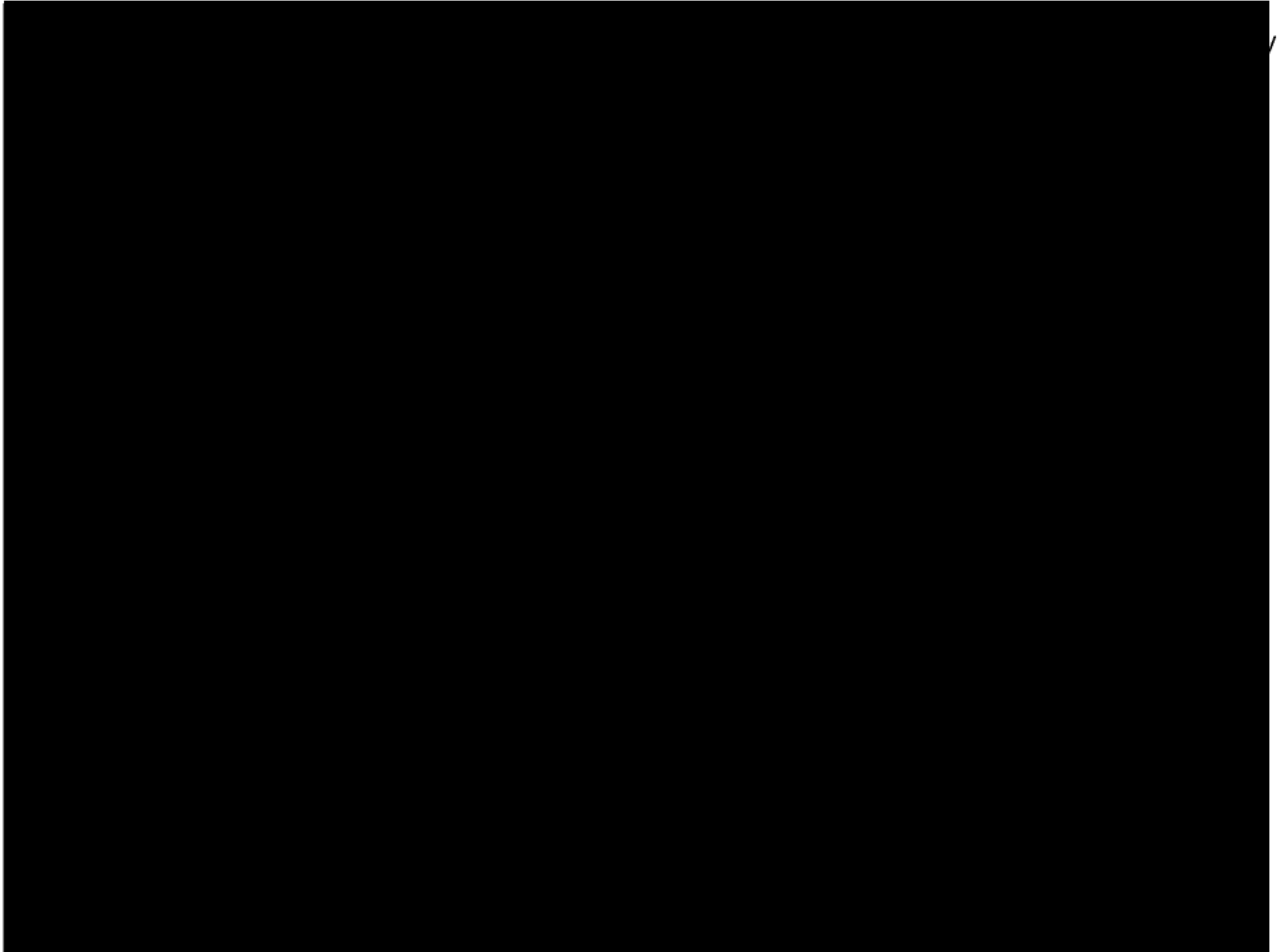
### **Slide 39:**

Rewards high performers with an additional stake in the company's future performance in the form of stock options

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Motivates high performers' contributions to Google's long-term growth rather than provide immediate value for contributions already made (cash incentive plans do that)

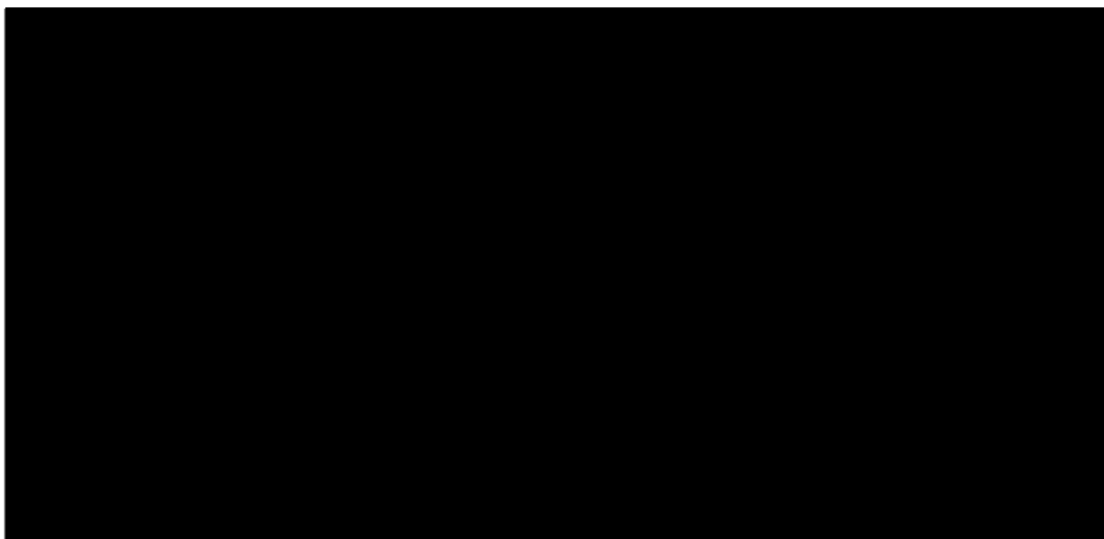
Creates an incentive for all employees to reach high performance levels on an ongoing basis



**Slide 44:**

[Redacted]

## Slide Notes



How much should a sign on be?

Depends on the package and what needs to be done

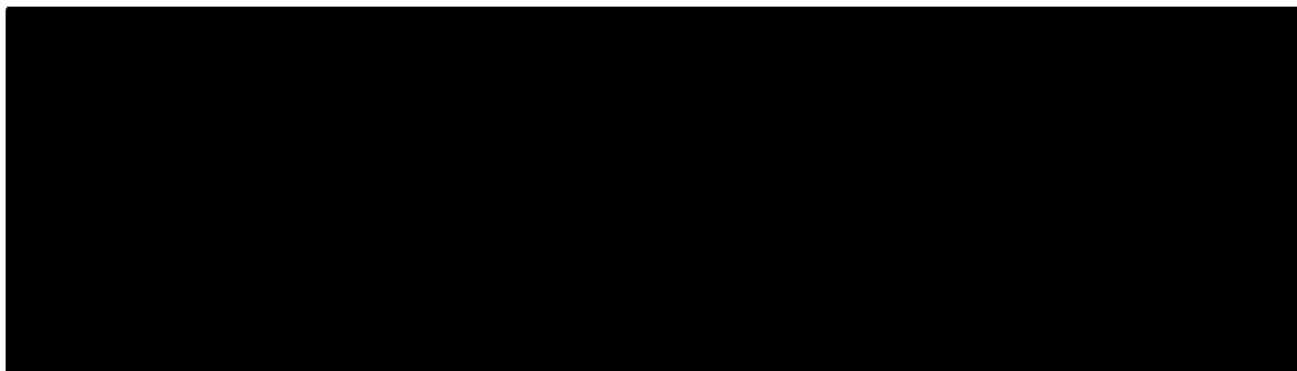
### **Slide 59:**

Salary Increases

Google awards salary increases based on a variety of factors [REDACTED]

[REDACTED]  
Additionally, your salary increase will be contingent on other factors, [REDACTED]  
[REDACTED]

The salary review process, though still developing, is designed to be fair, consistent, and to clearly promote the link between pay and performance. The following factors will be taken into consideration in determining the amount of a salary increase:



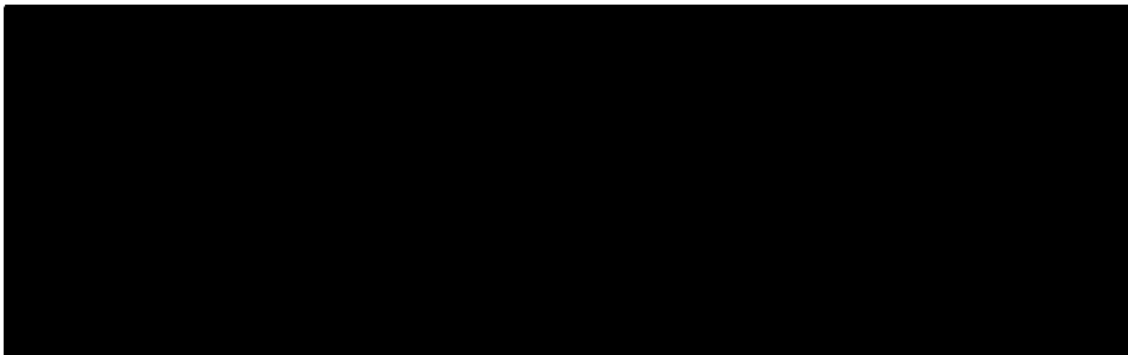


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### **Slide 61:**

Executive Candidates generally follow the same process as all other Googlers. However, there are some unique factors to consider:

### **Slide 63:**



### **Slide 79:**

Egalitarian Culture

Example – SVP's being kicked out of a conference room because it was reserved by lower level employees and it was their time to use the room